

EUROPEAN NEWS

Solidarity's leader speaks exclusively to Christopher Bobinski

Walesa backs Church call for calm

MR LECH WALESZA has thrown his prestige as leader of the Solidarity movement behind an appeal for calm in the wake of the murder of Fr Popieluszko and against the call by some Solidarity activists for a token protest strike later this week.

In an exclusive interview with the Financial Times, Mr Walesa said he looks to the Catholic Church to "give a lead to the nation" and to speak on Solidarity's behalf in an "honest dialogue" with the Jaruzelski Government.

Asked for his views on Western governments' dialogue with Poland, accelerated this week with the visit of Mr Malcolm Rifkind, the UK Foreign Office Minister to Warsaw, the Solidarity leader implied that present Government policies give no guarantee that any new Western loans or

credits could be properly used by Poland. This contrasted strongly with his call a year ago for the lifting of Western sanctions and provision of Western aid.

A group of Solidarity activists led by Mr Andrzej Gwiazda, the hero of the union's radicals, has called for a one hour token strike in Gdansk on Friday in protest at the murder of Father Popieluszko.

Honest dialogue

While expressing his appreciation of the emotions which inspired the call, Mr Walesa stresses that calm should prevail. He hints that it is this posture, and his own appeals, in the days since Father Popieluszko was murdered that may have already avoided the introduction of a state of emergency by the Government.

He also indirectly criticises the move towards the open establishment of civil rights observance committees urged by some other activists. Instead, he repeats his call for an "honest dialogue" between rulers and ruled.

He limits his remarks on the struggle between General Wojciech Jaruzelski and the hardliners in the security service now being blamed for the killing of the priest to an "unyielding" demand that the murder be "fully explained."

But the fulsome way in which the statement praises Cardinal Jozef Glemp, the Polish Primate, indicates that Mr Walesa is ready for Solidarity to take a back seat in any talks between church and state.

This is what Mr Walesa means when he speaks of the Polish Church being capable of "leading the nation at a crucial moment" and he gives the

Cardinal a vote of confidence when he talks of his "wisdom."

This line will surprise many of the union's activists. Even some of the moderates see the Cardinal's behaviour since the beginning of the crisis as too cautious.

Security apparatus

This has given rise to fears that the Church is not and will not be capable of putting sufficient pressure on General Jaruzelski to win lasting improvements.

But Mr Walesa's line is fairly clear. He is signalling to the authorities that they can rely on calm prevailing in the country while he demands that they establish control over their own security apparatus and follow this up with conciliatory policies.



Yugoslav dissident trial again delayed

By Aleksandar Lebi in Belgrade

THE TRIAL of the six Yugoslav dissidents accused of conspiring to overturn the country's political system was again postponed yesterday, to give the defence until tomorrow to prepare its case.

The proceedings, which started on Monday, has already come to resemble a sort of free-form "happening," with much procedural wrangling under the spotlight of international attention, including representatives of Amnesty, the Helsinki rights monitoring group, the American Bar Association, and Ms Petra Kelly from the West German Greens movement.

The six defendants, all Serbs and mainly in their 30s, are not in custody. They mix freely with the public before and after the court proceedings, distributing their protests alleging harassment and "state terrorism."

One of them, Mr Pavlusko Amirovic, yesterday alleged that he was beaten up by police at a Monday night news conference given by the Greens—a claim corroborated by Ms Kelly.

There is speculation that, whenever the trial starts in earnest, the prosecution may reduce the charges of subversive conspiracy to something less grave. Many Yugoslavs feel the trial is a political blunder and that the defendants do not warrant such heavy-handed treatment.

Yesterday's delay was granted after one of the defence lawyers was named as a witness by the prosecution and therefore ruled out of the defence. The new attorneys requested eight days to study the case, but was granted two days instead.

David Buchan writes from London: A group of British Labour MPs yesterday formed a defence committee, under the chairmanship of Mr Eric Heffer, "to co-ordinate efforts to change the mind of the Yugoslav authorities even at this late date" about the Belgrade trial.

Mr Raif Dizdarevic, the Yugoslav Foreign Minister, left for London yesterday on an official visit to Britain, according to the national news agency Tanjug, AP reports.

E. Germany refuses to yield over would-be emigrants

BY LESLIE COLITT IN BERLIN

EAST GERMAN officials say their government will not go beyond an offer to waive prosecution of about 150 of their countrymen inside the West German embassies in Prague and Budapest if they return home, and to "consider" their applications to emigrate.

Most sought refuge in the Prague embassy last September and were followed by a handful who entered the embassy in Budapest. Until now they have rejected East Germany's offer, apparently holding out for an assurance, as was given in similar cases earlier this year, that they will be let out to the West.

The Bonn Government has repeatedly cautioned East Germans who try to short circuit the bureaucratic mechanism by entering Western embassies that they are endangering the chances of the many others who have applied for

legal permission to emigrate. Herr Wolfgang Vogel, the East Berlin lawyer responsible for contacts with West Germany on humanitarian issues, said his government's offer should provide the basis for a "mutually acceptable solution" but he warned that to demand more would be to risk the "example of Cardinal Mindszenty."

The Hungarian cardinal sought refuge in the U.S. embassy in Budapest after the uprising was crushed in 1956 and did not emerge until 1971 when he went into exile.

In spite of this messy problem, relations between the two German states have been remarkably unaffected. Both sides appear anxious to maintain a dialogue despite the cancellation in September of a visit to West Germany by President Erich Honecker.

Hungary's hard currency earnings behind target

BY OUR BERLIN CORRESPONDENT

THE HUNGARIAN Communist Party newspaper, Nepszabadsag, and the Foreign Trade Minister, Mr Peter Veress, have given a bleak assessment of Hungary's export drive which this year aims to produce \$700m-\$800m in hard currency earnings.

Mr Veress noted that some \$200m-\$250m worth of additional goods would have to be exported in the last quarter of the year to achieve the target which he said was essential to "reduce the debt."

Hungary is aiming at a \$300m current account surplus, the same as in 1983. The party daily said an analysis of production and export figures shows that "new questions keep emerging" along with ever more daunting tasks.

The minister said Hungary recently experienced a further 2.3 per cent worsening of its terms of trade because of a 25-30 per cent drop in the price of meat exports to the West and a fall of 6 per cent in machinery prices. He said competitive conditions now existed in the West for agricultural products which "eclipsed" everything

experienced in the past 30 years.

But Mr Veress said it would be "self-deception" to exclusively blame outside conditions for the worsening in the terms of trade. The share of competitive products turned out by Hungarian industry remains relatively low, he said, and inputs of energy and materials were often too high. Delivery dates were frequently not met, while after-sales service was sorely neglected.

Mr Veress said the year began badly for Hungarian foreign trade with only 54 per cent of the convertible currency target achieved in the first months. By the end of August, the hard currency trade balance was "considerably worse" than last year, although better results had been expected.

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'SOLIDARITY IS ALIVE BECAUSE FR POPIELUSZKO GAVE HIS LIFE FOR IT'

Request for 'honest dialogue' with government

Q. We heard calls for a strike during the funeral of Father Popieluszko. You, Mr Walesa, have expressed your opposition to these and urged the people to show self-restraint. Also, people are setting up committees to watch over law observance after the murder of Father Popieluszko. How, if you say that society is showing its self-restraint, do you explain these calls for strikes and committees?

A. I understand this need people feel actively to protest against a terrible crime. This is every honest person's natural reaction. The urge to protest comes from the pain and despair, but also fear that this kind of police banditism might be repeated.

Poles have a right to feel safe in their own country. However, we must control our pain and despair. This is a Christian duty as well as a patriotic one.

We must avoid developments such as those of which we hear in India. The situation is too complex for a few people to try to resolve in an hour or two.

I am a worker. I went to Father Jerzy's funeral straight from the shipyard. I took away from there a mood of caution and solidarity. Poles don't have

to give proof of their courage to anyone. We are also sufficiently cautious and solid towards ourselves.

Already I can say that thanks to our courage, caution and solidarity, we have avoided the

is constantly being put forward by us as well as by the Church.

Our friends must regain their freedom but we mustn't commit the sin of impatience. I said at Father Popieluszko's funeral that Solidarity is alive because

Q. Has the murder of Father Popieluszko changed your views about the Western dialogue with Poland and the lifting of sanctions?

A. Father Popieluszko's death has confirmed our earlier feeling that changes in Government being proposed by the authorities do not lead to an improvement in social relations and therefore don't provide a way out of the Polish crisis.

Q. How do you see the general situation in Poland after the funeral of Father Jerzy Popieluszko?

A. Father Popieluszko's funeral was a very moving experience for me—all the more so because I met him not so long ago in Gdansk. This modest priest, full of love and sincerity, won us over with the directness and truth of his sermons. This is why the mass and the demonstrative funeral made all the greater an impression on me—this is the pain of losing someone very near.

But I was also impressed with the self-control and determination of people there. Everyone feels that the moment is a very special one and this shows that the nation quite rightly feels we are now at a turning point. Cardinal Primate Glemp in his sermon expressed people's feelings and thoughts best. The uncompromising way in which Father Popieluszko served the truth, together with his feeling of responsibility and attention to the common good, sets such a powerful example.

I am sure that there will be, it's happening already, a cult of Father Popieluszko, a cult of a Christian's sacrifice for his fatherland.

Q. What happens next? What developments do you foresee in the nearest future?

A. I trust in the future. I am a man of faith and this does not allow me to permit the thought that we might allow evil to triumph in Poland. I do not fear chaos or a fall in morale. The Polish Church has shown that it is capable of giving a lead to the nation at crucial moments in our history. The wisdom of the Cardinal Primate gives us proof of this.

My trust in the future also derives from a deep faith in the political genius of Poles. After 40 years of experience this genius will triumph.

Q. How do you see the situation inside the government?

A. We are waiting for a full explanation of all the circumstances of the kidnapping and murder of Father Popieluszko.

Q. But the situation is still tense. As a result of all this, has not the case of political prisoners been pushed into the background, including that of your friend Bogdan Lis?

A. We haven't forgotten about Bogdan and Piotr (Mierzewski) for a single moment. This issue

possibility of official moves which might have increased the tension.

Q. But the situation is still tense. As a result of all this, has not the case of political prisoners been pushed into the background, including that of your friend Bogdan Lis?

A. We haven't forgotten about Bogdan and Piotr (Mierzewski) for a single moment. This issue

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EUROPEAN NEWS

The issue of law and order is threatening to become the focus of political conflict, writes Paul Betts
French feelings of insecurity rise on tide of crime

M. PIERRE JOXE, the new Minister of the Interior, promised on Monday to make every effort to modernise the French police, as the issue of law and order dominated the French newspapers, radio and television and threatened to become the focus of political conflict.

immigration and race, have perhaps the biggest and certainly most emotional impact on the French electorate. M. Barre remarked on Monday that "it's not the Right that has invented insecurity in France."

hands of the extreme right-wing National Front and its leader, M. Jean-Marie Le Pen. After years on the political sidelines, the party, which campaigns unashamedly against immigrants, mainly North Africans and blacks, and for harsh treatment of criminals, has now overtaken the Communists, with about 11 per cent of the French vote in last summer's European elections.

Oil stock rundown helps Opec bid to hold prices

A RUNDOWN of commercial oil stocks in the third quarter of this year coupled with Saudi Arabia's decision to cut output by a further 150,000 b/d are expected to strengthen the market and bolster the Organisation of Petroleum Exporting Countries' price structure in the short term.

Such a reduction in the third quarter is against the traditional trend and should help sustain Opec efforts to support prices by restricting production. Preliminary indications are that the net rundown will continue in October and November at a rate of 700,000 b/d "in line with historical patterns," says the IEA.

EEC to scale down science programme

THE FUTURE of a European Community research and development programme, originally costed at Ecu 3.75bn (£2.25bn) depends on the ability of the Irish Government and the European Commission to devise new scientific and financial priorities within the next six weeks.

Electrical safety pact attacked

THE ELECTRICAL industry in West Germany has criticised sharply an agreement reached by government officials in Bonn and Paris on mutual recognition of safety standards covering a wide range of goods.

Bonn must return DM 2bn raised in tax levy on higher incomes

WEST GERMANY'S upper bracket taxpayers received a DM 2bn (£539m) windfall yesterday — and the Bonn Government a clear defeat — when the Constitutional Court declared unconstitutional and void a special income tax surcharge imposed in 1983.

Ten may need to set up emergency fund for Africa

AN EMERGENCY EEC aid fund — outside the Community budget — may have to be set up next year to tackle the famine crisis devastating several regions in Africa, Mr Jim O'Keefe, the Irish Development Minister, said yesterday.

Bonde Nielsen returns to face fraud charges

COPENHAGEN — Mr Jan Bonde Nielsen, former head of a Danish industrial empire collapsed in 1971. It was split up and sold, with several Copenhagen stockbrokers going bankrupt in the process, and with the company that bought the shipyard stocks losing all its equity.



1984 BOSTON LEASING BEAUJOLAIS CHALLENGE
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OVERSEAS NEWS

Businessmen are threatening to leave New Delhi for the Punjab, John Elliott reports
Humiliation cuts deep for the Sikh community

"I HAVE a revolver in my pocket — I will not spare the man who comes for me," says Mr Monmohan Singh, who belongs to a group of Delhi's top Sikh businessmen which is this morning warning Mr Zail Singh, the Sikh President of India, that it will move out of the capital if it is not guaranteed protection.

"If Sikhs are not assured their safety now and in the future there will be a large scale move of people into the Punjab which is likely to set events going like the divisions between Pakistan and India in 1947," says Mr Monmohan Singh.

This is not a Sikh extremist speaking but an internationally known businessman. Mr Monmohan Singh is head of "Eric India," which produces industrial refrigeration equipment, and of other electronics and food businesses that together have a turnover of some \$50m (£50m) a year. He is a past president of the Association of Indian Engineering Industries and is now president of the Indo-American Chamber of Commerce.

Mr Monmohan's factories escaped the Hindu riots last week virtually unscathed but two of his Sikh employees were killed. Worst hit were the Campa Cola soft drink factories owned by Mr Charanjit Singh, a prominent MP of the ruling Congress I party.

The MP has likened the plight of the Sikhs to that of the Jews in Germany in the 1930s. "We are going to move — my family will go to Punjab — unless we get a guarantee from the



Mr Zail Singh, President of India, being greeted on his election in 1982 by Mr Rajiv Gandhi

government that we are secure," he declares.

Campa Cola took over seven years ago when Coca Cola pulled out of India and the factories are now the centrepiece of family businesses with a \$40m annual turnover. Three factories employing 2,000 people and 70 trucks have been lost, with damage estimated at \$8m in and around Delhi.

Mr Raunaq Singh, another internationally known businessman, had his house attacked in south Delhi but his factories, scattered around the country, received little damage. "I have government licences for industrial projects costing \$600m cleared for Gujarat, Uttar Pradesh and Maharashtra, but we don't know whether to go on expanding business here or shift somewhere else," says Mr Raunaq Singh.

As they count the cost of the riots that followed the assassination by two Sikhs of Mrs Indira Gandhi, the Prime Minister, a week ago and caused up to 1,000 deaths, Sikhs are blaming police for not helping them and are also accusing Congress I politicians of inciting the riots and of slowing down police action.

"The police say they were under pressure from Congress I politicians not to interfere," alleges Mr Monmohan Singh. Many Sikhs say they received no police protection but praise their Hindu neighbours for helping them.

There is widespread incredulity that the riots could have spread so fast and there is speculation that they were organised, using *jhuggiwallas* — slum dwellers — and people

Engineering Association. Many of these men now at the top of industry started in Delhi in the 1940s or 1950s after the partition of Pakistan and India, arriving from both sides of the border.

Using their personal and political drive they have also risen to the top of various Chambers of Commerce and other institutions. A proud sect, they have also grown used to being near the Gandhi family at the centre of political power.

For the past two days many of the top businessmen have been closeted in the offices of Mr Charanjit Singh, cautiously venturing out to their factories and preparing the ground for today's meeting with the President.

Nearly 40 of them attended a meeting on Monday night to discuss moving out of Delhi.

"I would like to shift my factory out of Faridabad near Delhi" within six to eight months and "I must now start to build a base in the Punjab and take work there," said Mr A. N. Singh, owner of Autopons which makes motor components, and an activist in Sikh politics.

The businessmen's campaign is motivated by a mixture of hurt pride, a desire for greater political power and financial compensation, as well as by fear for their families and investments.

The Delhi region may now be sufficiently industrially developed to weather a withdrawal of Sikh investment. But their move could exacerbate Hindu-Sikh tensions and further polarise divisions between the Punjab and the rest of India.

Russians in Afghanistan 'burned civilians'

SOVIET troops in Afghanistan have committed atrocities against civilians, diplomats, quoting eyewitnesses, told Our Islamabad Correspondent yesterday. They said that 12 men and four women were seized from their homes and burned to death on October 20 in two villages on the Garder road running south from Kabul.

All 16 were doused with kerosene and set on fire, according to the reports. "We do not want to waste our bullets on Afghans," one soldier was quoted as saying.

The troops reportedly said they believed the villagers assisted Islamic rebels who had ambushed Soviet military convoys on the road, which is considered essential to the defence of the region.

Bahrain records budget deficit

Bahrain's Government accounts went in to the red last year, moving from a 1982 budget surplus of Bahraini Dinar 46.4m (£116m) to a deficit of BD 47m (£104m), Mary Frings reports.

Revised figures for actual income and expenditure presented to the Cabinet this week show total revenue for 1983 at BD 455m, of which oil revenue at BD 329m was 18 per cent down on 1982.

Within the expenditure total of BD 532m, BD 510m was spent on salaries, services and other current items, and BD 222m on capital projects.

The budget deficit is likely to be financed from official reserves, currently estimated at no more than \$1.5bn (£1.25bn).

Death toll in black South African work stoppage rises to 16

BY JIM JONES IN JOHANNESBURG

THE DEATH toll in violence stemming from a two-day work stoppage by black workers in townships near Johannesburg rose to 16 last night, with 37 more injured and 40 arrested.

The work stay-away organised by various black unions and civic groups to protest at increases in rent and utility charges and at detention of black leaders, halted large sectors of industry on Monday and yesterday, although there were signs last night that support for the stay-away had begun to wane.

Blacks have adopted the only real avenue of protest open to them—a refusal to work, with the resultant stay at homes regularly degenerating into attacks on the homes of black town councillors and on commuter trains and buses.

The police have responded with tear gas, rubber bullets and birdshot to demonstrations. Measured by the numbers who went to work yesterday, the stay-away call failed in Soweto, the black township adjoining Johannesburg. Only 10 per cent of its workers failed to show for work yesterday.

In the townships of the Vaal Triangle to the south of Johannesburg, which were the target of huge police and army sweeps three weeks ago, 80-90 per cent of people stayed away from work in a tense, but largely peaceful, atmosphere.

On the other hand, the black townships of the East Rand erupted into arson, looting, violence and death. Support for the stay-away was nearly complete in the East Rand and townships near Pretoria.

By yesterday afternoon, police action appeared to have brought the situation under control but residents fear that the East Rand townships will be the next target of a combined police and army sweep.

Many residents in the East Rand townships have refused to pay their rent or utility bills since the start of September. They are demanding that planned rent increases be rolled back, as they were following riots in the Vaal Triangle townships just over a month ago.

General Ver wants to confront his accusers

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINE armed forces chief who was indicted on Monday in connection with the murder of opposition leader Benigno Aquino yesterday challenged to a confrontation the panel which investigated the assassination.

Gen Fabian Ver, who stood down temporarily from his post after he was linked to the assassination, said he wanted an "early confrontation" with the panel to clarify the charges against him.

Gen Ver's statement, issued through his lawyer, came after summonses were served on him and 26 others linked by the panel to the conspiracy, to answer charges of murdering Mr Aquino and Mr Rolando Galman, the man the Government originally accused as the assassin.

The statement said the summons was not specific about the nature of the accusation against Gen Ver. He wanted to know if he is being charged as a principal, accomplice or accessory.

Gen Ver said the panel's two reports contradicted each other regarding his alleged role. The report of four of the five-member panel found Gen Ver "indictable for the premeditated killing" of Mr Aquino. The report of Mrs Corazon Agrava, the panel chairman, said Gen Ver was not a plotter.

The order of the Tanodbayan (ombudsman) to Gen Ver and the other respondents to present their case marked the start of the preliminary inquiry which will seek to determine if evidence of guilt exist against the persons cited in the two reports.

If the Tanodbayan determines there is evidence of guilt, criminal charges will be filed.

Timor Sea talks set to resume

TALKS between Australia and Indonesia on seabed boundaries in the Timor Sea area will resume next week, Indonesia's Foreign Minister, Dr Mochtar, said yesterday, Kieran Cooke reports from Jakarta.

There was now greater interest in concluding an agreement because of the possibility of large oil deposits in the area, he added.

Last August, the Australian Broken Hill Proprietary Company announced oil finds in the Timor Sea, about 370 miles north-west of Darwin. Deposits of oil and natural gas in the area are thought to stretch under parts of the seabed claimed by Indonesia.

Chinese workers sacked for 'inefficiency'

BY MARK BAKER IN PEKING

ELEVEN Chinese workers have been sacked at a foreign joint-venture wristwatch factory in Shaanxi Province as part of an apparent crackdown by the central Government on labour "inefficiency."

The sackings are seen as evidence of the Government's commitment to giving foreign investors greater control over staffing.

The workers, at the Huajie Electronics Company in Taiyuan City, had stopped work in protest against the company's daily watch production quotas.

According to a report in the Guangming daily newspaper, the factory, a joint venture between a Chinese authority and Hong Kong investors, began operations in August.

On September 14, the 11 workers had claimed that the production quota of 350 electronic watch pieces per shift was too demanding and they had asked for a reduction.

Pan Qiming, the Hong Kong deputy manager, had explained to the workers that the quota had been scientifically assessed and was reasonable. He said a worker with one month's experience could produce 400 pieces per shift and there were bonuses for over-quota production.

The workers had refused an offer to make their own assessment of a reasonable quota and had refused to work all the next day, the paper said. When they had refused to begin work the next morning they were dismissed.

The highlighting of the case in the official press and the endorsement of the sackings, follows repeated pledges by the Chinese Government to give foreign investors more flexibility in the hiring and management of workers.

While the Government has been getting tough with "inefficient" workers—100 employees of the Capitol Iron and Steel Works in Peking were sacked earlier this year—it has been slow to extend this freedom to joint-venture companies.

Most joint ventures are still forced to accept staff selected by government personnel agencies and face many bureaucratic problems if they want to change workers they find unsatisfactory.

The Guangming daily described the case as an example of "everyone eating from one big pot"—China's euphemism for the unproductivity of guaranteeing workers a job for life, no matter how poor their work might be.

Chinese joint ventures, Page 3

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OVERSEAS NEWS

WORLD TRADE NEWS

Nakasone faces a peculiarly Japanese paradox of power

BY JUREK MARTIN IN TOKYO

CONTEMPORARY Japanese politicians are often best placed in a Biblical context. Take, for example, the first 15 chapters of the First Book of Chronicles, which runs from Adam to somebody called Jehiah, identified as a gatekeeper for the ark; for each name there listed, substitute that of a Japanese politician (Tanaka, Nakasone, Abe, Takeshita, Kanemaru, Fukuda, Suzuki, Miyazawa, Fujio and so on, there are literally hundreds of them); then, roughly, associate their genealogical connections (Tanaka beget Nakasone, Nakasone beget Abe, Abe beget Suzuki, Suzuki beget Miyazawa, Fukuda beget Abe, and so forth); finally, commit to memory.



The main advantage to this exercise is that the diligent student may unravel a peculiar paradox; which is, to take the Biblical metaphor forward, how it is that Mr Yasuhiro Nakasone, having risen like Lazarus from the sick bed of a near-disastrous election 10 months ago to new heights of public popularity, now finds himself so circumscribed at the start of a second term in office.

Mr Shintaro Abe, the Japanese Foreign Minister (pictured above) will fly to Ethiopia next week for a first hand look at the appalling starvation that has become a subject of grave international concern, Jurek Martin writes.

That Mr Nakasone is hobbled is the almost suspiciously unanimous view of Japan's establishment media, which is itself so much a part of the political process that it relegated even the assassination of Mrs Gandhi to a distant second place in its coverage of last week's news.

Mr Abe's visit, which will also take in Zambia and Egypt, is subject to the approval of the cabinet but this is considered a formality since it is a formal agreement signed between Voest Alpine and East Germany.

It is an undeniable fact of Japanese life that members of the ruling Liberal Democratic Party, lacking much of an effective conscience within the country and broadly believing in the same conservative articles of faith, like nothing better than to wage personal conflict, the reasons for which may or may not be obvious.

So far Japan has made no commitment of special assistance to help relieve the Ethiopian disaster. However, one can be anticipated either during or in the wake of Mr Abe's tour, in which he is scheduled to see Col Mengistu, the Ethiopian leader.

Six different leaders in 12 years attest to the enduring nature of the struggle, which is not without its uses: it provides, for example, continuing public theatre and it does not generally intrude on policy enough to impair the bureaucracy's ability to run the country successfully.

Some criticism has been voiced in Tokyo, especially by the international community, of the minimal Japanese public awareness of the magnitude of the Ethiopian disaster. Both official comments and media coverage have been scant; the full BBC documentary which created such an impact in Europe and the U.S. last month has yet to be shown here, though some extracts have been shown.

But it does have perverse and surprising elements, such as the rise from almost total obscurity of the ultimate Disident and Unassuming Man, Mr Zenko Suzuki, to the prime minister-ship, and the partial shackling of his mirror image, Mr Nakasone, who has appeared, to the outside world at least and perhaps to some Japanese, as the most distinctive head of government in many a moon.

Nonetheless, the Foreign Ministry, along with newspapers like the Asahi and Mainichi, has been leading a campaign for much of the year to increase the level of public awareness of African problems, especially malnutrition.

Mr Nakasone has never been about to win a popularity contest inside the LDP. He has always been too outspoken and in his policy speeches, a touch too mercurial for Japanese tastes. His inclination towards arrogance, as measured by Japanese standards, is a liability, as Mr Nikaido, supposedly his friend, recently charged. His denigration of Mr Suzuki's record in office has also constituted poor tactics for it has turned his predecessor from passive co-operation to active conspiracy in promoting the causes first of Mr Miyazawa and then Mr Nikaido.

Mr Abe himself gave a hint of the scale of possible assistance at the Organisation for Economic Co-operation and Development meeting in Paris in May when he declared Japan was willing to donate up to \$100m (£80m) to relieve African suffering, the funds to be disbursed through the World Health Organisation. This money has yet to be advanced and it remains unclear if special assistance to Ethiopia will come out of this allocation.

Mr Kanemaru's daughter is married to Mr Takeshita's son and he nakedly wants the Finance Minister to become Prime Minister — even if it means defying Mr Tanaka, who earlier this year as good as ordered Mr Takeshita not to compete. In his own quiet way, Mr Takeshita has been building a following among the younger members of the Tanaka faction and with Mr Abe.

There is, moreover, another important subplot, the apparent closeness between Mr Abe and Mr Takeshita. The inference is of a future collaboration by which they take turns as Prime Minister after Mr Nakasone, having seen off Mr Miyazawa in the meantime. Because it is probably easier for Mr Abe to inherit Mr Fukuda's faction before Mr Takeshita can inherit Mr Tanaka's, it is assumed that the Foreign Minister will get the first crack if the partnership survives. But when is anybody's guess.

The significance of this intricate power game is twofold: first, Mr Nakasone looks like having to rein in his natural impetuosity to the pace of his more cautious colleagues in order to ensure his survival. This means that those foreign leaders such as President Reagan and Mrs Thatcher, who seem to believe he can carry his government with him, may have to lower their expectations. This presages rough going, for example, in looming trade negotiations with the U.S.

Second, if the Prime Minister does put a foot badly wrong, either in policy or in personal relations, he could be gone just as suddenly as Mr Suzuki. Politics in Japan, after all, is at bottom a theatre of naked power. What makes it unique is that most of the action is offstage, whispered among prophets and leaders of the docks.

Voest Alpine signs trade deal with E. Germany

By Patrick Blum in Vienna

VOEST ALPINE, the Austrian state-owned steel, engineering and electronics group, has signed a Sch 11bn (£422m) co-operation and trade agreement with East Germany.

The agreement was signed on Monday during the visit to East Germany of Dr Fred Sinowatz, the Austrian Chancellor. It is the fifth agreement signed between Voest Alpine and East Germany.

Co-operation between the Austrian company and the East Germans dates back to 1969 when a first agreement worth Sch 1bn was signed. The latest agreement will run until 1988.

East Germany is the fastest growing market for Austria in Eastern Europe and has become its second largest trading partner in the region. In 1983 Austrian exports to East Germany rose by 77 per cent, due mainly to the delivery of a steelplant by Voest Alpine. Imports from East Germany fell by over 7 per cent to Sch 2.7bn.

Trade between the two countries is expected to grow further this year with exports continuing to rise by as much as 20 per cent.

China launches joint-venture drive

BY DAVID DODWELL IN HONG KONG

CHINA'S biggest-ever push outside the mainland to attract foreign investment was launched in Hong Kong yesterday as delegates from the country's open cities and economic zones began discussions on collaboration in more than 200 projects.

The investment symposium for China's open cities, organised by the Bank of China and a host of Hong Kong companies with mainland links, is intended to underline the role China sees for Hong Kong as the countdown begins to the British colony's re-integration with the communist mainland in 1997.

It has also left manufacturers from Hong Kong and overseas

breathless, as Chinese delegates from cities ranging from Dalian and Qindiangdao in the north of China to Beihai and Hainan in the south plunged directly into horse-trading on priority projects after brief introductions held separately in hotels across Hong Kong.

The symposium, opened by Wei Yuming, China's Deputy Minister for Foreign Economic Relations and Trade, will continue for the next seven days. Each of the 19 delegations are holding their own negotiations in different parts of Hong Kong with the aim of signing "concrete co-operation agreements."

Xu Jitun, head of the New China News Agency, China's de facto consulate in Hong Kong,

emphasised that the territory would play "a unique role in assisting the motherland in publicising and pursuing her policy of openness." He said China "requires Hong Kong to make its due contributions" by "obtaining the economic information of the world" and tapping its management expertise, capital and technology. In return, he said Hong Kong would prosper as China developed.

Recent suggestions that overseas Chinese "compatriots" were the primary target of China's modernisation drive were given weight yesterday as perplexed European and American business people with no knowledge of the Chinese language struggled to find

interpreters to make contact with delegation members.

In addition, the determination of delegates to get straight down to specific project negotiation implied they expected prospective investors to have the sort of detailed knowledge of the open cities and their distinctive strengths that few but regular overseas Chinese business visitors to China have.

Sir Lindsay Alexander, chairman of Lloyds Bank International, inaugurated the bank's office in the Shenzhen economic zone on Monday. The bank has already arranged a \$64m syndicated loan for a wharf and commercial complex in the Zhuhai zone and financing for two projects in Guangzhou.

First for Davy McKee in West Germany

By John Davies in Frankfurt

WITH THE pace of anti-pollution control increasing in West Germany, the UK-based Davy McKee engineering group has made a breakthrough with an order for its Wellman Lord desulphurisation process, until now applied mainly in the U.S. and Japan.

The process will be used to reduce sulphur dioxide emissions from a coal-fired power station operated by BASF, the chemical concern in Ludwigshafen. The order is a small but central part of an anti-pollution project in which BASF plans to invest about DM 200m (£34m) by 1988.

West German publicly-owned electricity utilities plan to spend between DM 10bn and DM 15bn by 1988 to comply with a law requiring desulphurisation controls at coal-fired power plants.

The Davy McKee process will enable BASF to extract sulphur dioxide from its power station emissions for diversion into further chemical uses.

Davy McKee gained its first European order for the Wellman Lord desulphurisation process last year for installation at an oil-fired power plant in Australia. The BASF order follows Davy McKee's decision recently to restructure its West German operations.

Argentina pressed to buy more Soviet goods

BY JIMMY BURNS IN BUENOS AIRES

THE SOVIET UNION is pressing for Argentina to import more Soviet goods before committing itself to a renewal of the five year grain and meat supply agreements between the two countries which are due to expire next month.

The future scope and scale of the agreements are understood to have been at the centre of talks between local officials and a high level Soviet mission led by Mr Alexei Manzhu, the Soviet Deputy Minister for Trade.

Mr Manzhu, formerly a commercial counsellor in Buenos Aires, is understood to have forcefully voiced his country's dissatisfaction with the continuing imbalance in Soviet-Argentine trade and to have suggested concrete ways of narrowing the gap.

One idea apparently mooted was that the current supply agreements should only be renewed if they include a commitment from the Argentines to increase their annual purchase of Soviet goods to a

minimum value of \$300m. In 1983 Argentine exports to the Soviet Union were \$1.8bn compared to imports of \$31.5m. Provisional figures for the first quarter of this year show a similar imbalance with exports of \$625m against imports of \$15m.

Although no firm agreements appear to have emerged from the talks, Argentina is understood to be considering speeding up a decision on a \$400m turbines contract for the Piedra de Aguila hydroelectric project.

The Soviets are also bidding for the main building contract involved in a planned extension of the Matre railway line, from Buenos Aires to Rosario, and for the sale of 600,000 tonnes of crude oil for refining in Argentina and eventual re-export to Brazil.

The current supply agreements between the two countries guarantee Argentine farmers a minimum annual sale of 4.5m tonnes of coarse grains and oil seeds to the Soviet Union in addition to meat sales

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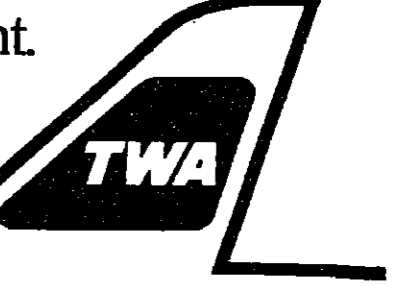


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AMERICAN NEWS

Pinochet reshuffles Cabinet after resignations

By Mary Helen Spooner in Santiago

GENERAL AUGUSTO PINOCHET of Chile has reshuffled his Cabinet following a mass resignation on Monday led by Sr Sergio Jarpa, the Interior Minister, in the regime's second Cabinet crisis in barely ten months.

The Government said the resignations were not irrevocable and that most officials, including Sr Jarpa, would continue in their posts. The Interior Minister took office in August last year leaving his post as a hard-line military officer.

He spearheaded the regime's limited liberalisation effort but has been frustrated by the opposition's increasingly militant stance and by the recent outbreak in terrorist activity.

Sr Jarpa, in announcing his decision to resign, spoke of a feeling of personal failure and attributed his move in part to a recent meeting in Rome between a delegation of the country's Catholic bishops and a group of left-wing Chilean exiles.

Citing the increasing number of terrorist attacks in Chile, Sr Jarpa said he could not bear the notion of Chilean bishops "who up till now appeared as the guardians of peace and understanding" standing alongside Communists.

The Chilean bishops' conference responded by issuing a statement expressing surprise at Sr Jarpa's remarks and reiterating their condemnation of terrorism.

Few political observers in Santiago were surprised by the Cabinet reshuffle. Leaders of Chile's largest opposition group, the Democratic Alliance, have come to view Sr Jarpa's appointment last year as an attempt to buy time on the part of the Pinochet regime, rather than a serious effort at liberalisation.

The Cabinet shake-up comes after weeks of speculation that Sr Jarpa and Sr Luis Escobar, Finance Minister, would soon leave their posts.

Sr Escobar has had policy disagreements with Sr Modesto Collados, the Economy Minister, and is being blamed for last month's 8.2 per cent consumer price index rise.

David Gardner in Managua looks at the political background to the victory of Nicaragua's ruling party

Sandinistas set for reconstruction on wave of popular support

PERHAPS the most remarkable thing about last Sunday's Nicaraguan elections was not the result—a widely predicted victory for the ruling Sandinistas—but that they took place at all. In modern times, no other revolutionary movement which has seized power by force of arms has gone on to hold serious elections.

Most observers not overtly sympathetic to the Sandinista Party, the FSLN, saw the polling process as technically orthodox and clean, within fair rules. The full range of Nicaraguan opinion, except incitement to armed opposition, was aired, whether in or outside the campaign proper. There is little doubt, moreover, that the Sandinistas retain the support of the majority of Nicaraguans.

The real problem in guaranteeing a fair election here, however, is that over the past few years, the FSLN has filled the institutional vacuum it was bequeathed to a point where party—or, more accurately, movement—and state has become near synonymous. The army, police, neighbourhood defence committees, which sprang up during the revolution, and the television, all bear the name Sandinista and are under FSLN control.

The opposition was neither organised nor coherent enough to resist this tendency and remains feebly divided on what to do about it.

This development could, for a long time, be ignored while the country was distracted by other issues. Attention has centred on the need to rebuild the economy, through the highest investment rate in Latin America of yearly increases averaging 22 per cent in 1979-1983; on building health and education standards through two popular mass mobilisations; and on the very real threat from the Contras, who have now spread the war to 11 of the country's 16 departments, killed some 7,300 people and caused an estimated \$500m (£397m) damage.

Additionally, the mixed economy model adopted by the Sandinistas, which still gives the public sector a less than 40 per cent share in national output, has produced a powerful consensus.

Similarly, the FSLN has managed to retain the loyalty of a significant slice of the large farm industry, which continues to invest.

But not the least important is that many Nicaraguans enjoy wider liberties now than they had under the Somoza dictatorship and the overwhelming majority share in the newfound pride of being a sovereign, independent nation.

At the final FSLN campaign rally of some 150,000 Managuans last week, Comandante Daniel Ortega, Nicaragua's new president and former junta

leader, offered the crowd a bellicose speech, containing little more than "sovereignty and *gallo pinto*, national dignity and austerity," as one commentator put it, referring to the country's most staple dish of rice and beans. The crowd roared his approval.

But though the nationalist hero, Gen Augusto Cesar Sandino, seen by all Nicaraguans as the precursor of national independence, is at the centre of the FSLN trinity, he is flanked by Marx and St Paul, as one Sandinista writer phrased it. The mix is a potent one and has cut the ground out from underneath the Left, on the one hand, and Christian Democracy, a powerful force in

the region, on the other. Nicaragua's Christian Democrats are split into three small groups: one which has been in informal alliance with the Sandinistas, one with the Co-ordinadora Democrática coalition party, and one with the U.S.-backed Contras. The Left is split into two orthodox Communist and one Maoist party, with some union influence but little political projection.

The right-wing Co-ordinadora Democrática, regarded increasingly by the Sandinistas as an internal political front for the U.S.-backed Contras, refused to take part in the election. The opposition showed no

portionately fewer people have voted in the interior of the country. The vote for the Sandinistas has been lower than average in these regions which have been centres of U.S.-backed guerrilla operations over the past two years.

In a military operation over the weekend, Cdr Enrique Schmidt, Communications Minister, died while in temporary command of a special forces unit. The Ministry of Interior said 73 guerrillas were killed during the action, destroying an entire guerrilla unit.

splitting already in the Co-ordinadora, and further split 10 days prior to the polls over whether or not to stand. But despite these divisions early results gave each of the factions that did run 11 to 13 per cent each.

The Sandinistas are acutely aware of the dangers of the opposition going underground. Party in response, they have set up a National Dialogue of all the parties to function in tandem with the more narrowly based constituent assembly.

The war has a good deal to do with the FSLN's monopoly of state institutions. The Sandinista background is more one of a military organisation which has tended to improvise on ideology than of a hardline Leninist organisation intent on a one-party state. The war has kept armed Sandinismo in a state of almost permanent mobilisation. But the widespread belief among its leaders that the U.S. might intervene directly to topple them appears genuine and not a pretext for maintaining their monopoly.

The FSLN has also shown a capacity for self-criticism and for adjustment; for example, on the direction of agrarian reform and on its arrogant mishandling of the resettlement of the Miskito Indians on the Atlantic coast. It must also be the one army which does not shoot deserters in time of war.

On the anniversary of the invasion of Grenada, there has



Daniel Ortega... opposition to him neither organised nor coherent enough.

been some debate in Managua about the bloody struggle inside Maurice Bishop's New Jewel Movement which led to the U.S. intervention. A significant outcome of such discussion is the conclusion that revolutionary movements are not exempt from having to justify their actions in pluralist competition at the polls.

Shell Oil abandons deep water drilling in Atlantic

BY WILLIAM HALL IN NEW YORK

THE SEARCH for oil off the U.S. Atlantic coast has suffered a serious setback following Shell Oil's decision to abandon its ambitious deep-water drilling programme. The project is estimated to have cost it close to \$250m (£203m).

Shell Oil, which has one of the best reputations among U.S. oil majors for finding oil, announced its decision after encountering its fourth dry hole about 110 miles south-east of Atlantic City.

It has been drilling in the area since August 1983 and has been setting successive world records in terms of depth. The last well at Baltimore Rise

Block 93 was sunk in water depths of 5,017 ft and reached 17,740 ft below sea level.

In 1981, Shell spent \$157m and its partners spent another \$109m in acquiring offshore tracts in the mid-Atlantic. It said that its first dry well cost it \$35m and its second well cost about \$30m.

The area is regarded as one of the frontier areas of the U.S. oil exploration business.

Shell has been the only big oil company drilling in the Atlantic and while the prospects were not regarded as good as some other areas, its decision to abandon its programme is a serious disappointment for the U.S. oil industry.

Fed breaks silence on policy

BY PAUL TAYLOR IN NEW YORK

MR PRESTON MARTIN, vice chairman of the U.S. Federal Reserve Board, took the highly unusual step yesterday of commenting on the Fed's monetary policy on a U.S. election day.

His comments also came 24 hours before the Fed's policy-making Federal Open Market Committee (FOMC) was due to meet.

Mr Martin, speaking to a U.S. Stock Exchange meeting in New York, said the Fed had adopted a "steady as you go" approach to U.S. monetary policy incorporating a "somewhat accommodative stance" which, he said, was more appropriate as the expansion period of the U.S. economic cycle "becomes a bit more mature."

His comments ended a period

of apparently deliberate silence by senior Fed officials during the run-up to the U.S. elections. The silence, seen as an attempt by the Fed to stay out of the election debate, continued despite "jawboning" attacks by senior administration officials during the past ten days on the Fed's tight monetary policy.

Wall Street has been ablaze with speculation about the Fed's monetary policy — speculation which came to a head on Monday when Wall Street economists read the Fed's unexpected injection of reserves into the banking system as a signal of a further slight easing "nudge" by the U.S. monetary authorities.

Mr Martin, a Reagan appointee

who has, on several occasions, found himself in a minority on the FOMC and has publicly criticised Fed monetary policy for being too tight, said yesterday that the Fed was seeking to help the economy achieve "the so-called soft landing."

He said the Fed has focused on monetary aggregates as opposed to the monetary base in determining monetary policy. Mr Martin added that he felt "reasonably optimistic" about the level of U.S. inflation. On the dollar he believed the Fed would work to "maintain orderly markets, but not attempt to dictate what level the dollar would reach."

FOMC is due to meet behind closed doors today in what is seen as a particularly important meeting.

Contadora group may ask Europeans to join peace bid

BY HUGH O'SHAUGHNESSY

EUROPEAN military observers may be asked to join Latin American troops in the verification of the peace process in Central America, according to diplomatic sources in Europe and the U.S.

Final details of arrangements for arms reduction and the evacuation of foreign troops from Central America is expected later this month when the four governments of the Contadora group — Mexico, Panama, Colombia and Venezuela — publish the final draft of their peace proposals for the area.

Though the U.S. is not a member of the Contadora group, the Administration has been

pressing for a more effective verification of the withdrawal of Cuban troops from Nicaragua. The Contadora group has discussed with various European governments the deployment of their military personnel, particularly to monitor border violations.

France and the Netherlands have been tipped as likely European participants in the peace keeping operation. British personnel are unlikely to take part.

It has not yet been decided whether the operation would be carried out under the aegis of the UN or as a collective initiative by the Contadora and the Western European participants.

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UK NEWS

Chemicals expect slowdown

BY CARLA RAPOPORT IN LONDON

THE BRITISH chemical industry has fared better than expected in 1984, but the sector is now preparing for a slowdown in growth because of new competition from the Middle East and an overall decline in economic growth worldwide.

This is the main conclusion of the autumn quarterly economic bulletin of the Chemical Industries Association (CIA) released this week. The UK chemical industry, with sales of £18bn (S22bn) a year, is Britain's fifth largest industry and the fifth largest chemical industry in the world, outside the Eastern bloc.

The bulletin states that chemical industry in Britain staged growth of 4.5 per cent in the first 7 months of 1984, compared with the same period in 1983.

This compares with a rise of 2.2 per cent for manufacturing industry generally.

The CIA reports that some of its member companies have been more optimistic than the official figures and "suggest that there is still an underlying trend of improvement overall." At the same time, commodity petrochemicals and plastics may have passed the peak of the current cycle, the CIA notes. "At worst, output is thought to have plateaued," the bulletin states.

Although the rate of increase of imports has flattened somewhat, the bulletin shows the level of import volume in the first 8 months of the year as 18 per cent higher than the same period last year. Imports now account for 39 per cent of UK demand for chemicals.

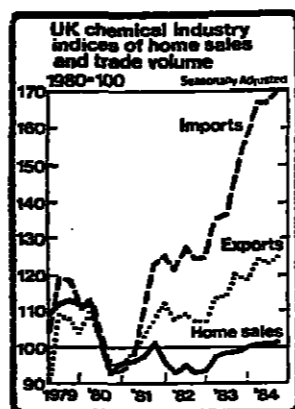
Prices for chemicals and plastics have been improving this year, but the CIA states that there has been some weakening in commodity plastic prices since the first quarter.

Polyethylene prices in particular are reported to be "under pressure" as the first of the Middle East petrochemical plants come on stream ahead of schedule this year.

These plants have been built by Saudi Basic Industries Corporation (Sabic) with the aim of converting the nation's previously flared natural gas into petrochemicals for world markets.

Mr Stuart Wamsley, a chemical analyst at W. Greenwell, the London stockbroker, has stated that the recent price weakness in plastics and chemicals has "reached worrying proportions."

Writing in his weekly newsletter, Mr Wamsley notes that while demand is currently not a major problem for the industry, factors such as the weakening crude oil price, coupled with growing fears about the



UK chemical industry indices of home sales and trade volume 1980-1984. Seasonally Adjusted.

Price harmony rules will end traffic in 'personal' car imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITISH CUSTOMERS would no longer be able to buy cars at pre-tax prices in Belgium, Denmark and Greece under the terms of the latest price harmonisation proposals put forward by the European Commission.

This major change to the existing rules is made clear in guidelines issued with the latest draft regulation which the Commission hopes to finalise by the end of this year and to bring into operation about six months later.

The UK Consumers' Association said yesterday that it would result in British car buyers having to pay hundreds, possibly thousands, of pounds more for cars bought on the European continent for personal import to Britain.

The association said: "We regard this as a major - and totally unacceptable - change in the interpretation of the regulation. It will result in a two-tier European Community with Denmark, Belgium and Greece becoming protected markets, effectively subsidised by car buyers in the other seven EEC member states."

The association urged the UK Government "to oppose this major change in the interpretation of the regulation which would drastically undermine the potential benefits that car buyers would otherwise gain from the regulation."

The commission's guidelines state that a manufacturer would not have to supply cars with foreign specification at the local pre-tax prices in those markets where the retail price includes more than 100 per cent of tax (which would at present exclude Denmark and Greece),

or where there have been price controls for more than one year (which would exclude Belgium, the country most favoured by British "personal" importers).

Instead, a manufacturer would be obliged to supply at the lowest price charged among those EEC markets without high-tax or price-control distortions. The manufacturer could also add an extra charge for such things as administration and distribution costs but would have to be prepared to justify this.

The association has told the UK Government that if the provision is retained it would be preferable to base the price charged in the "distorted" markets on the average price charged throughout the Community - including those countries with high tax or price controls.

BL leads Ford in sales for October

By Kenneth Gooding, Motor Industry Correspondent

AN INCENTIVE campaign which offered dealers extra bonuses of up to £200 a car helped BL topple Ford from the top of the UK car sales league table in October.

The campaign gave Austin Rover state-owned BL's volume car subsidiary, a flying start to last month because it ended on October 12. Dealers scrambled to meet their sales targets by that date.

As a result, BL ended October with a market share of 23.2 per cent compared with Ford's 19.02 per cent. However, BL's performance for the first 10 months is still lagging that for the same period of 1983.

Its market share is down from 18.11 per cent to 17.99 per cent and its volume of sales has slipped from 289,499 to 281,388.

Ford is in a similar position with its penetration reduced from 28.88 per cent to 27.75 per cent over the 10 months and its volume down from 481,703 to 474,032.

Both Ford and BL have been suffering mainly because of General Motors' advance in the UK. The share of its subsidiary Vauxhall-Opel is up from 14.45 per cent to 16.18 per cent for the 10 months.

In October, GM was hit by the two-week strike at its UK car plants which left it short of some cars, particularly the Vauxhall Astra, for which there now is an order book of 25,000, according to the company.

The Japanese manufacturers have been striving to maintain their official quota and in October achieved a market share of over 15 per cent.

The Society of Motor Manufacturers and Traders says that new car registrations in October at 123,888 were down by 8.1 per cent from the same month of 1983 and bought the total for the first 10 months of this year to 1,563,860, 2.2 per cent down on the same period last year.

Importers won a 60.5 per cent share of all sales in October (68.7 per cent in October 1983). Over the 10 months, the importers' penetration rose from 57.35 per cent to 57.58 per cent.

The best-selling cars in October were the Austin Metro (11,400 sold); Ford Escort (8,827); Austin Maestro (7,080); Vauxhall Cavalier (6,855); Ford Sierra (4,970); Ford Fiesta (4,637) and Austin Montego (4,371).

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NEW £100 MILLION OFFSHORE SEARCH GOES DEEPER

This year we've been drilling in deeper water than ever before in our continuing search for the further supplies of gas which lie buried under the seas around Britain.

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BILLION POUND DEVELOPMENT IN MORECAMBE BAY

One of the most important finds made by the gas people is in Morecambe Bay, off Lancashire.

The Morecambe gas field lies about 26 miles offshore from Blackpool and, with an estimated 5 trillion cubic feet of gas in reserve, is one of Britain's largest offshore gas fields.

Its ongoing development represents a billion pound investment by British Gas in Britain's future - and provides thousands of jobs now for British workers.

One great advantage of the Morecambe field is that it belongs to British Gas. This means that output can more easily be controlled to help ensure in cold winter weather that customers' needs for gas are met.

Demand for gas at such times can be up to six times greater than in summer.

HOW THE GAS PEOPLE ARE PUTTING SOMETHING AWAY FOR A RAINY DAY

Another ingenious and massive development which will help cope efficiently with winter demand is taking place in the partially depleted Rough gas field in the North Sea. Gas will be pumped into the field in the summer, and stored there till needed.

When fully operational, this £600 million development will be capable of supplying a billion cubic feet of gas a day at periods of peak demand - more than seven times the original output of the field.

GIANT CELLARS 'SALT' AWAY GAS

Deep under rural North Humberside, British Gas engineers are now using salt cavities to store gas against heavy winter demand.

Three of these giant salt cellars, a mile underground, are already in service and work is going ahead on four more.

Each holds a billion cubic feet of gas, equivalent to all the gas used in Britain each day before the North Sea discoveries.

With 8 million central heating customers and 14 million with gas fires, the gas people have to be fully prepared not only for next winter, but for the one after that, and so on.

Such projects are just part of British Gas' massive integrated investment plans to provide for Britain's future energy needs.

These plans for tomorrow are only possible because the profits British Gas creates today are all ploughed back into the business.

This also brings benefits in the form of contracts for British firms for drilling platforms, pipelines, onshore terminals and all the associated engineering plant and equipment.

That means the creation of many thousands of jobs for British workers - a productive boost for local communities and the national economy.

Newspaper supplies to be investigated

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading (OFT) is carrying out a wide-ranging review of the newspaper distribution industry after complaints from retail newspapers that some wholesalers refuse to supply them with newspapers.

The review follows a report by the Monopolies and Mergers Commission in 1978 which concluded that the traditional system of newspaper distribution, involving wholesalers supplying newspapers, was in the public interest.

Sir Gordon Borrie, director-general of fair trading, told a meeting of the Newspaper Society in London last night: "This review is timely in view of the apparent changes over the last few years since the commission's report."

In particular, the OFT is anxious to ensure that the system of newspaper distribution does not prevent supplies reaching retailers other than newspapers who want to sell newspapers. Some small convenience stores, petrol stations and supermarkets are understood to want to sell newspapers but are finding it difficult to obtain supplies.

The review will seek comments from newspaper wholesalers, retailers, publishers and trade associations. The review is expected to take several months to complete

and the OFT has not yet decided whether its results will be published.

Sir Gordon emphasised last night that retail newspapers who had found difficulty in obtaining supplies from wholesalers should follow the commission's advice and complain to newspaper publishers. However, referring to cases where it was a local newspaper publisher which was refusing to supply direct to a retailer, Sir Gordon said: "We have taken the view that the criteria employed by wholesalers in deciding whether or not to make supplies available should also apply to publishers of local newspapers."

These criteria are broadly that retailers are selected on the basis of their location and of the standard of service they provide.

Sir Gordon also criticised the practice of some wholesalers to rationalise the areas of the country they cover. "In principle, it seems to me an unhealthy development when wholesalers agree not to compete with each other over wide areas of the country."

Since the commission's report was published, he added, "rationalisation schemes have continued to grow and spread and my staff engaged on Restrictive Trade Practices Act work are monitoring the situation closely."

Britain 'not lax' over nuclear safeguards

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN IS not more lax than other nations, such as the U.S., over standards of public exposure to nuclear industry radiation, the Government's watchdog on radiation exposure has concluded.

All countries, including the U.S. with which Britain has sometimes been compared, operate to the same basic radiation standard, a new study by the National Radiological Protection Board concludes.

Differences arise in the way in which countries apply the basic standard for dose limitation, as laid down by the International Commission on Radiological Protection. "Differences in concept make it difficult to make comparisons, and that is where people have got trapped," Mr John Dunster, the board's director, said yesterday.

With the single exception of the Sellafield reprocessing factory of British Nuclear Fuels, in Cumbria, estimated radiation doses for the general public from nuclear plants are at least a factor of 10 lower than the dose limits recommended, the report says.

In the case of Sellafield, doses are about a fifth of the recommended limit, but the company is taking steps to get it down to a tenth, to leave ample margin for any unscheduled leaks, within the permitted limits.

Britain differs from the U.S. in that it measures the radiation from each individual nuclear plant, and verifies that it falls within the limits.

The U.S. tends to take clusters of related activities and verify them as a class.

Even Trawsfynydd, in north Wales, the worst of the British nuclear stations, because it is cooled by a lake whereas all others are cooled by the sea, still exposes people to no more than 3 per cent of the international dose limit.

Other British nuclear stations are less than 0.1 per cent of the limit, according to Mr Dunster.

Similar differences in approach are expected initially in setting up new repositories for nuclear waste in different countries. The report suggests, however, that with guidance from such international bodies as the International Atomic Energy Agency and the International Labour Organisation, a more unified approach to public radiation protection standards may emerge.

Mr Dunster said that, after the publication of the Black report on radiation from Sellafield, last summer, his scientists had been trying to identify previously unforeseen pathways for plutonium to reach local children.

The Black report investigated Yorkshire TV allegations that Sellafield's radiation was the cause of a "cluster" of leukaemia in children at the nearby village of Seascale.

A review of environmental radiation protection standards, NRPB-R 168. By C. R. Hemming and R. H. Clarke.

New microchip company set up

By Jason Crisp

A NEW British microchip company was set up yesterday with total finance of £4m. The new company, Array Logic, has been spun off from research done by PA Technology, the product development division of PA, the management consultants.

Array Logic will design and manufacture prototypes and small volumes of semi-custom microchips. The company believes it can greatly speed up the time it takes to go from the design of a microchip to producing prototypes and help reduce product development times.

Array Logic expects to have a turnover of £5m to £10m within three years and will employ about 40 people.

The new company is being financed by £2m equity from Charterhouse Japhet Venture Fund, Moracrest Finance, Warburg Investment Management and PA Technology itself. The Trade and Industry Department is providing a £450,000 grant, Samuel Montagu is providing a £200,000 medium term loan facility and ICFC a £750,000 lease line.

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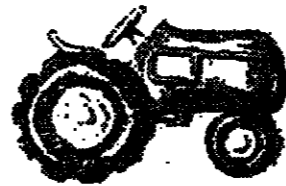
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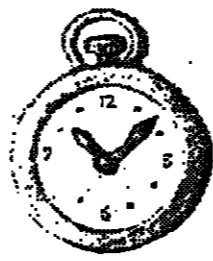
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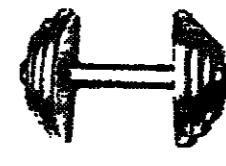
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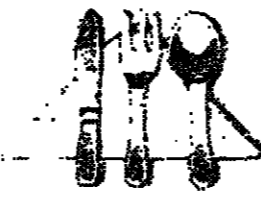
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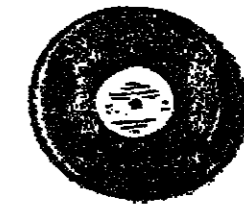
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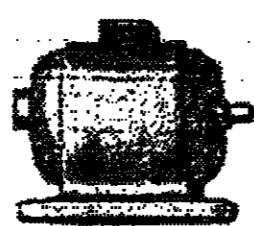
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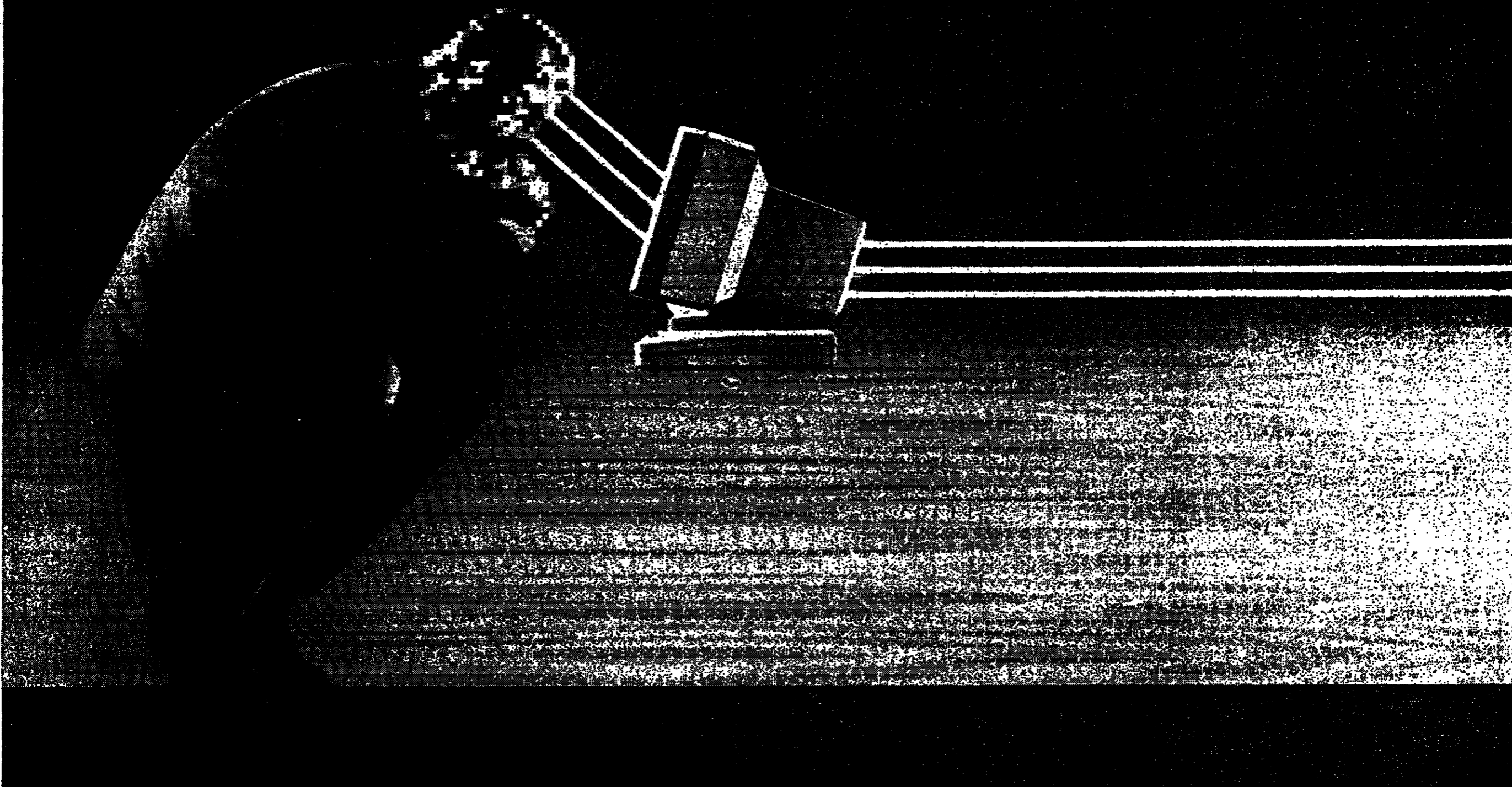
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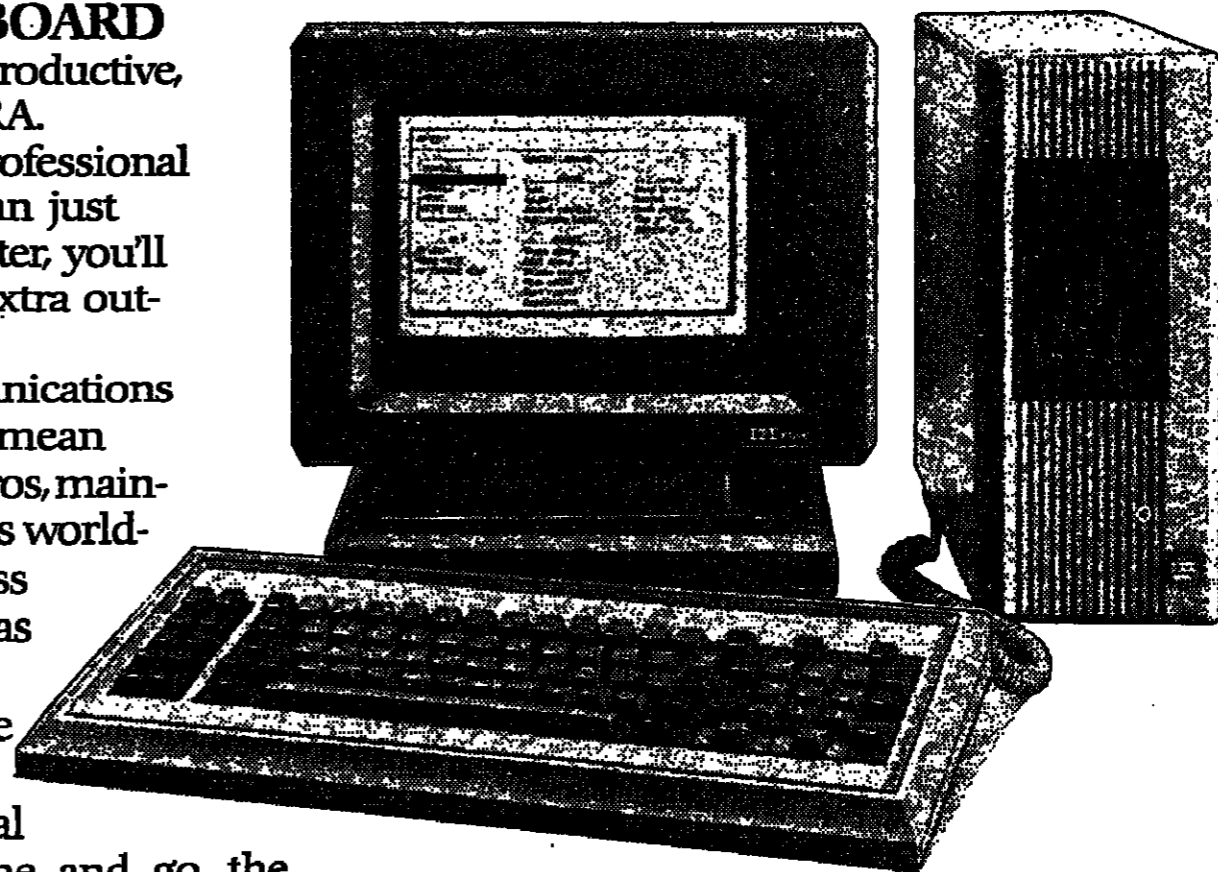
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Reagan maintains lead as U.S. goes to the polls

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

ALMOST 100m Americans went through the complicated ritual of choosing a president yesterday... Mr Mondale and his history-making vice-presidential running-mate, Ms Geraldine Ferraro, both seemed exhausted by the long campaign...

weather however, was forecast for much of the rest of the country. Mr Mondale and his history-making vice-presidential running-mate, Ms Geraldine Ferraro, both seemed exhausted by the long campaign...

Whatever the result, I have given this campaign everything I've got," he said. Ms Ferraro insisted to the last that the Democrats were going to "prove the pollsters wrong."

On the ballot, alongside the Democratic and Republican tickets, were the Workers' World Party, the Socialist Worker Party, the Libertarian Party, the Communist Party of the USA, and two independents.

Outside the polling station, Mr Mark Plotkin, a local Democratic ward committee member, was standing the regulation 50 feet from the door trying to convince voters to plump for his chosen candidate for the council.

Britain narrows spending overshoot

By Peter Riddell in London

INTENSIVE discussions in the last two days have reduced British Government departments' spending bids for next year to only £800m (\$756m) above the Government's overall target of £131.6bn.

Renault job cuts will cost over FFr 500m

BY PAUL BETTS IN PARIS

RENAULT, the French state car group, expects that efforts to reduce its French workforce by voluntary early retirement incentives will lead to a special charge of between FFr 500m and FFr 600m (\$86.7m) on its 1984 financial results.

on pointed out that the original Renault 5 also had a slow start commercially. Renault yesterday reported first-half sales of FFr 53.7bn. This 2.4 per cent increase over group sales in the first half of 1983 was clearly not satisfactory.

selling on the U.S. market models built in Europe by Renault. At present AMC sells essentially subcompact derivatives of Renault models and Jeeps and is planning to bring out a larger car in the U.S. intermediate car market in 1986.

Chinese clear way for private medicine

By Mark Baker in Peking and Colina MacDougal in London

CHINA HAS cleared the way for its doctors to open private practices and for private companies to sell health services in an effort to improve its poor medical facilities.

Dun and Bradstreet to acquire Thomas Cook's U.S. travel unit

BY DAVID LASCELLES IN LONDON

DUN and Bradstreet, the U.S. business services and information company, is to buy the U.S. travel business of Thomas Cook, a wholly owned travel and travellers' cheque subsidiary of Midland Bank of the UK.

Midland's original sale deadline was a year ago, but it obtained a reprieve from the Federal Reserve Board. The banking crisis caused by Continental Illinois last summer prompted U.S. bank regulators to take a more severe line, and Midland once again came under pressure to sell.

been considering joining up with a U.S. partner to attack the American market. According to U.S. sources, the deal allows Midland to buy the business back within three years if U.S. bank law is relaxed.

Poland acts on Interior Ministry

BY CHRISTOPHER BOBINSKI IN WARSAW

GENERAL Wojciech Jaruzelski, the Polish Communist Party leader, was given special supervisory responsibilities over party members in the Interior Ministry by a meeting of the party Politburo yesterday.

The colonel in the ministry who was their direct superior in the department overseeing relations with the church has also been arrested. The Politburo communique insists that the decision taken at the meeting was unanimous and appealed for unity in the party at large.

The "crime" might spark off internal unrest. This headline tone includes another new aspect with its attack on "priests who have been using religious gatherings for anti-state agitation."

Appeal to miners, Page 8; Employers' conference, Page 12

Table with 2 columns: Country, Exchange rate (e.g., Japan 161.5, West Germany 1.83)

Table with 2 columns: Country, Exchange rate (e.g., Saudi Arabia 2.09, Switzerland 1.48)

UK cuts base rates

Continued from Page 1

ing, despite comments from Mr Preston Martin, vice-chairman of the U.S. Federal Reserve, that the Fed was applying a "somewhat accommodative stance" to its credit policy.

levels of between 12% and 13 per cent. Although the cut is likely to be agreed at the societies' meeting on Thursday and Friday, the timing of its application is less clear.

Spain to ease Gibraltar rules

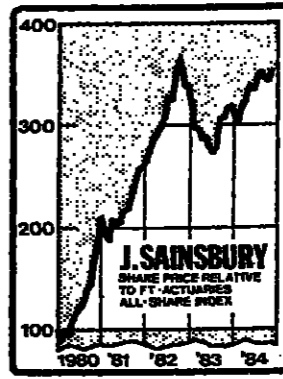
Continued from Page 1

covered only pedestrians using the land frontier and goods purchased in Gibraltar were not allowed into Spain.

One of the stumbling blocks, which has now been overcome, was Spain's demand that in return for opening the frontier its citizens should have the right to reside and work in Gibraltar.

THE LEX COLUMN

Speed traps on the M3



Yesterday's markets found a hard nut in what they thought was going to be a soft centre. On the face of it, UK money growth of under half of 1 per cent was everything they had primed themselves to expect.

Building society mortgage rates have been pointedly deferred until after the British Telecom (BT) unit after the British Telecom (BT) unit after the British Telecom (BT) unit.

D-Mark bonds

Yields in the foreign sector of the D-Mark bond market have spent a few weeks bobbing up and down around the lowest levels seen since April 1979.

in established stores which is good enough but, with food price inflation slipping back to around 5 per cent, not the kind of performance to justify a dazzling rating.

Wolseley-Hughes

As befits a distributor of plumbing and heating equipment, Wolseley-Hughes is commendably leak-proof. Yesterday's excellent figures for the year to July sent the share price all over the place before settling at around 190m, not too many months ago, has since mounted to about £25m.

J. Sainsbury

Either the market is becoming a little quicker or J. Sainsbury a little slower. Until recently, the group could almost be relied upon to produce results just ahead of the more optimistic outside forecasts.

COMPUTERS

Argus for Health The South East Thames Regional Health Authority has chosen Ferranti Computer Systems, Wythenshawe, as the supplier of its 15 Health Authority Districts.

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NEWS REVIEW BUSINESS £6m Norwegian subsea contract

A contract worth £6m has been won by TRW Ferranti Subsea from Statoil for a subsea control system which will be used for subsea production on Statoil's Gullfaks 'A' platform.

Submarines £9m KAFS for Brazil Following an announcement that the Brazilian Navy had selected Ferranti KAFS Action Information and Fire Control Systems for its German designed Type 209 submarines, contracts worth 9m have been signed between Ferranti Computer Systems, Bracknell Division, and the West German consortium of Ferrosal AG and Howaldtswerke-Deutsche Werft for the supply of KAFS systems and associated shore training facilities.

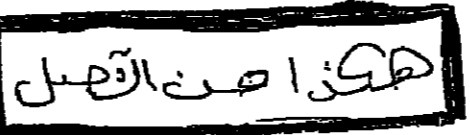
Computers Argus for Health The South East Thames Regional Health Authority has chosen Ferranti Computer Systems, Wythenshawe, as the supplier of its 15 Health Authority Districts.

New radar order Ferranti Computer Systems, Bracknell Division, has won an order worth over £2m from Plessey Radar for Track Extractor for their Type 996 radar. The track extractor equipment forms part of the Automatic Plot and Track Extraction Equipment and consists of multiple Ferranti Argus 3700/40 processors, the latest and most powerful in the Military Argus range, with associated interface and store.

Briefly At the Military Microwaves Exhibition last month Ferranti Electronics, Microwave Division, announced a new miniature, portable YIG tuned oscillator. It believes is the smallest in the world.

The good news is FERRANTI Selling technology Ferranti Computer Systems, Wythenshawe Division, has received full British Telecom approval for its Teletex Adaptor.

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SECTION II - INTERNATIONAL COMPANIES
FINANCIAL TIMES

Wednesday November 7 1984

FEB
MANUFACTURERS & SUPPLIERS OF BUILDING & CHEMICAL PRODUCTS FOR THE CONSTRUCTION INDUSTRY

KIVETON PARK STEEL
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Norwegian newsprint group lifts earnings

By Fey Gjester in Oslo
NORSKE SKOG, Norwegian producers of newsprint, saw timber and chipboard, increased eight-month profits by Nkr 13m to Nkr 86m (\$10m) on extraordinary income of Nkr 17m from property sales.

Storage Technology gains \$150m credit line

BY PAUL TAYLOR IN NEW YORK

STORAGE TECHNOLOGY, the struggling Colorado-based computer equipment company which filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code last week, said yesterday it had succeeded in negotiating a \$150m revolving credit line commitment from New York's Chemical Bank.

Storage Technology filed for protection on October 31, citing financial pressures and warning that it would post a third-quarter loss of at least \$80m.

The company, which has been in technical default on an existing \$125m unsecured credit line since early last month when it first said it expected to post a third-quarter loss, said at the time of its Chapter 11 filing that it was engaged in discussions to obtain "a significant capital commitment to fund operations during the reorganisation proceedings."

Since then speculation has mounted about the future of the company, which has about \$1.1bn in unpledged assets. A major capital infusion has been seen as a crucial step in the company's struggle to survive and reorganise.

Storage Technology said the deal with Chemical Bank was still subject to a definitive loan agreement and to bankruptcy court approval before November 29.

Under the terms of the Chemical Bank credit line proposal, Storage Technology said the bank would have "a super-priority claim" under U.S. bankruptcy law.

Canadian forest group recovers

By Robert Gibbens in Montreal

MACMILLAN BLOEDEL, Canada's largest forest products group, continued its recovery in the third quarter with the help of higher volumes and prices for newsprint, market pulp and packaging materials.

The company admits it still has a long way to go, however, even after severe rationalisation in the past two years, before it reaches acceptable returns and can resume cash dividends.

Third-quarter net profit was C\$7.5m (U.S.\$5.73m) or 4 cents a share, after preferred dividends, against a loss of C\$600,000 a year earlier, on sales of C\$603m against C\$497m. In the first nine months there was a loss of C\$4.7m, against a loss of C\$10.7m, on sales of C\$1.55bn against C\$1.52bn. These results exclude a C\$25.4m gain on asset sales.

The results are roughly in line with the company's forecast early this year. Overall, a net operating profit is expected for all of 1984, because the company has not only rationalised its newsprint operations, disposing of its east Canada interests, but has also rationalised its domestic and foreign packaging holdings.

The Limited profits on target as sales continue to improve

BY TERRY BYLAND IN NEW YORK

THE LIMITED, the Ohio women's-wear group which launched an unsuccessful \$1.1bn takeover bid for Carter Hawley Hale earlier this year, reports profits comfortably on target for the third quarter.

A gain of 35 per cent to \$28.4m, or 47 cents a share, on sales 29 per cent ahead at \$348.6m, indicates a quickening of the growth pace. For the nine months, the group, which dominates the specialist women's clothing industry with more than 1,000 stores, has lifted earnings to \$38.9m or 98 cents, an advance of 26 per cent on the comparable period. Sales are up 18 per cent at \$909.4m.

The Limited, which earned little more than \$8m annually as recently as four years ago, has become a fast-growing operation and is expected on Wall Street to turn in a gain of about 28 per cent on fiscal 1983's net earnings of \$66.6m.

Growth has been sought through aggressive acquisition, with the aim of operating about 3,000 outlets in the near future. The bitterly-resisted bid for Carter, however, culminated in Limited's withdrawal of its offer, after incurring costs estimated at more than \$6m, and taking a stake of 700,000 shares in Carter.

The cost of the Carter battle has not yet been written-off against Limited's profits, while the future of the Carter share stake hangs on legal questions.

John Wood buys 50% stake in Geolograph

By Mark Meredith in Aberdeen

JOHN WOOD Group, the Scottish offshore supply and service company, has bought a 50 per cent stake in Geolograph Pioneer, a U.S. drill servicing company, for more than \$10m.

The move is one of the few cases of a UK company buying into the U.S. oilfield service market. Numerous U.S. companies have set up bases in Britain to supply developments in the North Sea.

Geolograph supplies drilling instrumentation and specialist control equipment from its base in Oklahoma City.

The Wood Group has, in effect, joined a \$20m management buyout of Geolograph from the U.S. oilfield group Geosource by the Brown family, who have run the company since the 1978 takeover by Geosource.

Mr Ian Wood, chief executive of the Wood Group, said the expertise would extend the company's range of offshore services and provide its first significant move abroad.

The Wood group is one of Scotland's largest private companies, with 30 subsidiaries and about 2,000 employees. It had a turnover of £80m in 1984.

The equity stake gives the Scottish company a new range of expertise in onshore drilling techniques.

Citibank may buy French bank

BY DAVID MARSH IN PARIS

CITIBANK of the U.S. is negotiating the purchase of a small private French bank, Compagnie Generale de Banque Soficom, designed to increase its presence in French consumer banking and its business with small and medium companies.

It expects to conclude soon purchase of 90 per cent of the bank's capital from its two present majority shareholders, the Drouot insurance group and the private bank Hottinger et Cie.

Soficom has deposits of FF 640m (\$12.2m), about FF 2.5bn in loan business and a balance sheet of FF 3.3bn. It was too small to be nationalised in 1982.

The bank, which made a small net loss last year, owns a subsidiary, Compagnie Bordelaise de Banque, which registered a small profit.

Soficom, with 12 branches in Paris and the provinces and another two opening soon, will add considerably to Citibank's French network, at present limited to Paris and Monaco.

The acquisition follows the model laid down by another large foreign bank, Barclays of the UK, which has grown considerably in France in recent years.

Novo in new insulin move

By Hilary Barnes in Copenhagen

NOVO, the Danish pharmaceuticals and enzymes manufacturer, has applied to the Danish environmental authorities for permission to build commercial scale plants for the production of human insulin by genetic engineering techniques.

No target date or cost for the facilities were specified.

Hoesch sales increase

BY PETER BRUCE IN BONN

HOESCH, the West German steel and engineering concern, said yesterday it had traded profitably for the first nine months of this year, with turnover outside the group at the end of September about 1 per cent higher than the same time last year.

The group made an operating profit last year of DM 30m (\$10.24m) on sales of DM 6.7bn. Sales of flat steels had risen to 2.9m tonnes in the first three quarters of 1984, Hoesch said, about 12 per cent higher than last year.

Significant improvement in profits was expected for the year as a whole. A second West German steel producer, Klöckner Werke, has also reported a sharp improvement in sales - up 5.9 per cent to DM 5.03bn - in the first nine months. Klöckner's machinery division's turnover increased 1.5 per cent to DM 1.2bn. Its plastics machinery business increased sales by more than 30 per cent to DM 271m.

Korea tries to revive stock market

BY STEVE BUTLER IN SEOUL

KOREA is releasing 50bn won (\$81.4m) in stock purchasing loans through commercial banks to local security companies in an effort to breathe life into a dull stock market.

The stock market composite index declined more than seven points from early August to close under 130 at the end of last week.

The securities companies will be able to borrow funds at a 10.5 per cent interest rate for three months, using purchase stock as collateral for the loan. About 30bn won will be released initially through Korean Securities Corporation tomorrow. The supply of funds through the banking system is strictly limited, and loans at a favourable interest rate for the purchase of stocks are generally unavailable.

The Government said the poor performance of the stock market was a temporary phenomenon resulting from activities in the bond market.

Output for the year as a whole is expected to reach around 370,000 tonnes, up 30 per cent from 1983. Sales of chipboard and sawn timber were hit by the fall in Norwegian housing starts, a trend which seems set to continue.

The company said that demand for newsprint rose in the period but the price increases secured were inadequate to cover higher costs, mainly for energy and wood pulp.

Zanussi talks may end soon

STOCKHOLM - Electrolux, the Swedish domestic appliance maker, hopes that negotiations on its long delayed takeover of Zanussi, the troubled Italian white goods group, will end on November 29, Mr Hans Werthen, Electrolux chairman, said yesterday.

Zanussi will hold a special shareholders' meeting on that date to get final approval for the transaction, which will pull it out of heavy debt and will make the Swedish group the largest white goods maker in Europe.

Strong advance at Canadian Pacific

BY ROBERT GIBBENS IN MONTREAL

CANADIAN PACIFIC, the diversified transport group, reported earnings in the third quarter of this year to C\$129.8m (U.S.\$98m), or C\$1.80 a share, from C\$41m, or 57 cents, in the previous comparable period, on revenues of C\$3.7bn against C\$3.22bn. This took nine-month net profits to C\$266.7m or C\$3.82 a share, against C\$101.8m, or

C\$1.41, on revenues ahead to C\$10.8bn from C\$9.3bn. A great deal of the improvement came from Canadian Pacific Enterprises, the non-transport holding company nearly 70 per cent owned by Canadian Pacific.

A turnaround in minerals, forest products and steel, as well as continued strength in oil and gas, boosted CP Enterprises' third-quarter earnings to C\$87.5m or 42 cents a share, from C\$15.5m, or 10 cents.

Novo in new insulin move

By Hilary Barnes in Copenhagen

NOVO, the Danish pharmaceuticals and enzymes manufacturer, has applied to the Danish environmental authorities for permission to build commercial scale plants for the production of human insulin by genetic engineering techniques.

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INTL. COMPANIES & FINANCE

BHP in \$420m bid for Kansas oil and gas group

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company yesterday announced a takeover offer for Energy Resources Group (ERG) the Kansas-based oil and gas exploration concern.

BHP's total offer—the offer has the approval of ERG's board—could total nearly US\$420m. Further details are expected later this week.

For some time, BHP has been anxious to acquire oil and gas income bases in the U.S. and UK, against which to offset foreign exploration expenditure.

are in issue. The offer is conditional on BHP acquiring a minimum of 25m shares.

However, under the agreement, BHP has an option to purchase 20m new ERG shares, at US\$26.10 each, which would have the effect of giving BHP 32 per cent of ERG's enlarged capital.

The tender offer will be released in the U.S. tomorrow while a detailed statement will be made available in Australia on Friday.

were US\$12.6m on turnover of US\$140m.

BHP is spending more than A\$140m on oil exploration in 1984-85, about half outside Australia. It is currently exploring in Papua New Guinea, the South China Sea, and Indonesia, as well as in Australia and the U.S.

Its petroleum division was BHP's star performer in 1983-84. Net profit from petroleum was A\$426m out of total net profit of A\$639m.

Last year, BHP acquired the Utah International resources group from General Electric of the U.S. in a A\$2.5bn deal.

Macao to open doors to foreign banks

By David Dodwell in Hong Kong

THE MONETARY authorities in Macao, the tiny Portuguese-administered territory on China's southern coast, are to offer offshore banking licences in a bid to build up an international financial centre.

The move is intended to ensure that Macao is well placed to play a part in the accelerating economic development of Southern China.

Until two years ago, Macao was closed to foreign banks. Early in 1983, three Portuguese and six foreign banks were licensed to open branches. It now has total foreign liabilities in the banking sector of US\$1.3bn, with 80 per cent of this accounted for by banks incorporated outside Macao.

While some bankers are sceptical at Macao's ability to establish itself as a major financial centre, at least one leading banker in the region predicted that it could become increasingly important as a base for financing China's modernisation.

If Macao could guarantee that earnings from offshore banking operations will be tax-free, it could count on interest from many banks currently in Hong Kong. There has been growing concern in recent months that the Hong Kong authorities may intend to tax profits on offshore banking.

Brierley to expand overseas

BY DAI HAYWARD IN WELLINGTON

MR RON BRIERLEY, the chairman of Brierley Investments says in his annual report that the company is poised to expand its interests abroad.

Brierley Investments, which is now New Zealand's third or fourth largest company in terms of market capitalisation, would like to become New Zealand's largest listed company, Mr Brierley said.

The moves offshore began during the last financial year and would continue through the Industrial Equity (Pacific) group's Hong Kong subsidiary.

Last year IEP acquired a 55 per cent interest in Higbee Company of the U.S. Higbee operates eleven departments across most of Ohio with annual sales of US\$245m and provides Brierley with a sound trading base in America.

Brierley's growth plan includes selective investment in publicly listed companies in other countries; a strong home base with substantial holdings

in a range of growth industries; and a commitment to the Australian economy mainly through Industrial Equity, the Australian subsidiary.

Mr Brierley added that the company would not be an alternative to the development of independent management skills and strategies.

As known, the company made record profits of NZ\$46.7m (US\$23.1m) in 1983-84. The dividend total was 15 per cent but the company intends progressively to lift it to 20 per cent.

JAL more than doubles first-half pre-tax profits

BY ROBERT COTTELL IN TOKYO

JAPAN AIR LINES, Japan's publicly-quoted government-affiliated international airline, has reported parent company profits before tax and extraordinary items of ¥19,360m (\$300m) for the half year to September, more than twice the ¥7,780m reported for last year's first half.

advanced by 8.7 per cent to ¥417.4bn. The total number of international passengers carried rose by 11.8 per cent, to 2.73m producing revenues up 7.5 per cent to ¥211.44bn.

The number of domestic passengers carried rose by 7.8 per cent to 4.71m, yielding revenues 6.4 per cent higher to ¥27,530m.

International cargo volume rose 10.4 per cent to 3.2bn ton kilometres, yielding revenues 13.6 per cent higher at ¥75,540m while domestic cargo volume increased by 9.1 per cent to 67.3m ton kilometres yielding revenues up 8.6 per cent to ¥7.2bn.

Sharp rise in KHI earnings

BY OUR TOKYO CORRESPONDENT

KAWASAKI HEAVY INDUSTRIES (KHI) achieved sharply higher parent company net profits of ¥4,890m (\$20.2m) for the six months to September, compared with ¥992m at last year's halfway stage.

and minorities for the half totalled ¥3,560m, compared with ¥1,240m.

Sales fell slightly from ¥305.5bn to ¥304.84bn but exports rose by 15.7 per cent to ¥134.4bn from ¥116.16bn. No interim dividend is to be paid.

A divisional sales breakdown shows a 28.6 per cent recovery in sales of motorcycles and engines to ¥69.7bn and a 17.3 per cent fall in shipbuilding sales to ¥43.8bn.

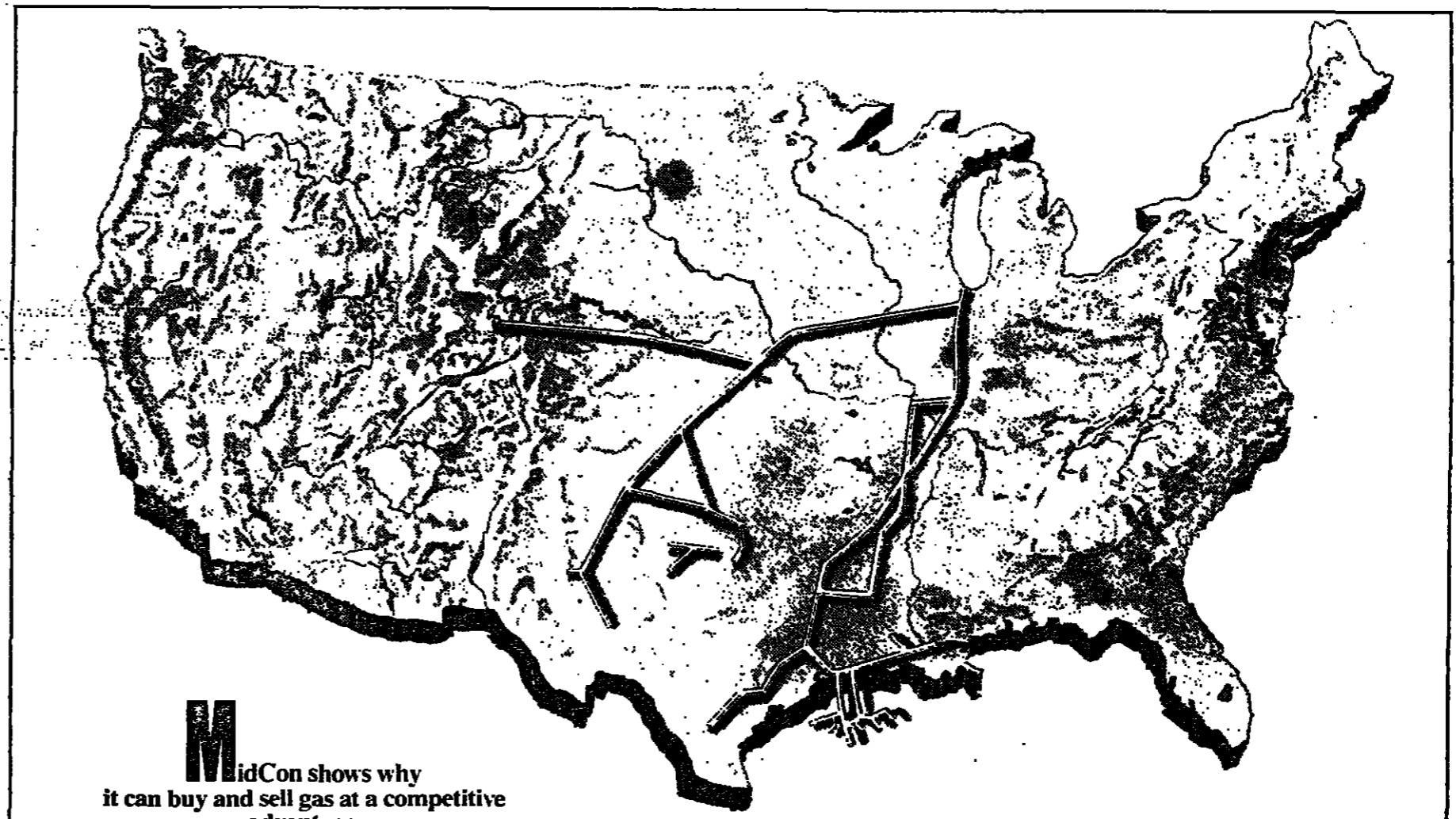
Sumitomo Heavy Industries has reported parent company net profits for the six months to September up slightly from ¥1,210m to ¥1,240m (\$5.1m) despite a fall in profits before tax and extraordinary items to ¥1,840m from ¥2,190m.

Sales of machinery, particularly precision products expanded but the gain was offset by a drop in orders for plant and ships.

The company says full-year profits before tax and extraordinary items should reach ¥4bn to ¥4.5bn compared with the ¥4.28bn achieved in 1983-84.

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INTL. COMPANIES & FINANCE

Lone Star rides again on hopes of cement demand outstripping supply

BY IAN RODGER

MR JIM STEWART, chairman of Lone Star Industries, the biggest U.S. cement maker, is renowned for his colourful attacks on cement imports into the U.S. and on sales of U.S. cement plants to European companies.

Net income plunged from \$39.2m in 1980 to \$21.2m last year, and would have disappeared were it not for asset disposals. Interest charges last year of \$84.1m were well ahead of the \$58.1m in profits on operations.

Since last year, the company has been selling off assets and closing plant at a cracking pace, but Mr Stewart insists that Lone Star is still strongly and exclusively committed to the cement industry.

Mr Stewart makes no apologies for turning poacher. "We fight imports, telling people to buy American," he said recently in London. "But our President (Reagan) is totally for free trade, regardless of the consequences, so we are in the process of improving our import facilities. In the last shortage, we were the biggest importer, and we will be the biggest importer again. But we are also running our plant full out."

His dealing with foreigners is not done joyfully either. It is the result of a dash for growth by Lone Star in the 1979-83 period in the hope of a U.S. cement market recovery that did not materialise. The company has had the name coined for it of "Lean" Star, because of the \$225m it has added to its long-term borrowings since 1979, and Mr Stewart acknowledges that debt, at over \$400m, "is higher than we would like it to be."

That in turn will add force to Mr Stewart's argument that Lone Star is, at last, going to be making good profits from cement.

That argument, and Lone Star's expansion programme, started when it became apparent in the mid-1970s that U.S. cement capacity was on the decline. Old plants with high energy costs were unable to remain competitive, and were

embarked on an ambitious acquisition and expansion programme that raised its cement capacity from 4.5m tons in 1974 to an industry leading 11.1m tons today.

Previously, the company had been attempting to diversify to offset the effects of cyclical demand for cement, but by 1979 it had sold off all of its other businesses, to concentrate exclusively on cement and related products.


Things started to go wrong for Lone Star in 1981, when the usual recovery in the cement markets did not appear. Also, capacity was not declining as quickly as Mr Stewart had hoped, because European companies had been rushing to buy U.S. plants and build deep water terminals for imports. Today, foreign companies own nearly a third of all U.S. cement plants, and 40 per cent of the terminals.

Now, however, things are looking up. Demand has been rising since early 1982, and import growth is being restrained by terminal capacity. No new cement-making capacity is under construction, and it takes three to five years to get a new plant on stream.

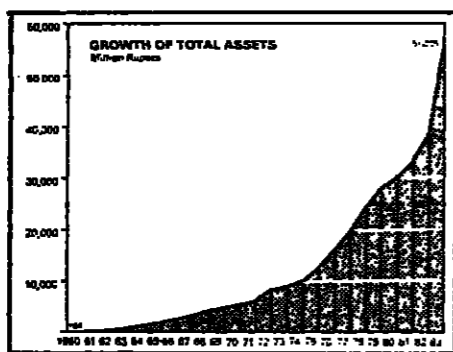
Recently, the producers have been able to make price increases stick in most regions, and prices are currently 10 per cent to 8 per cent higher than a year ago, Mr Stewart says. Lone Star's profits have also been on the mend, with net income reaching \$14.8m in the first nine months of this year, compared with a loss of \$16.8m in the same period last year.

Prospects for future U.S. cement consumption have been improved by growing evidence that spending on infrastructure will rise. Mr Stewart says that local taxpayers, who used to veto bond issues to finance infrastructure projects, are now beginning to approve them. Also the Federal Government has imposed a 5 cent a gallon tax on petrol since April 1983 for public works projects. A total of \$56bn will be raised over five years from this source, and it is beginning to flow.

"The U.S. has been underspending for the past 15 years, it will overspend in the next 15 years," he predicts. If he is right, demand for cement and cement products in the U.S. could exceed supply within the next couple of years, and Lone Star, now a low cost producer, could at last begin to get some reward for its bold initiative in the 1970s.



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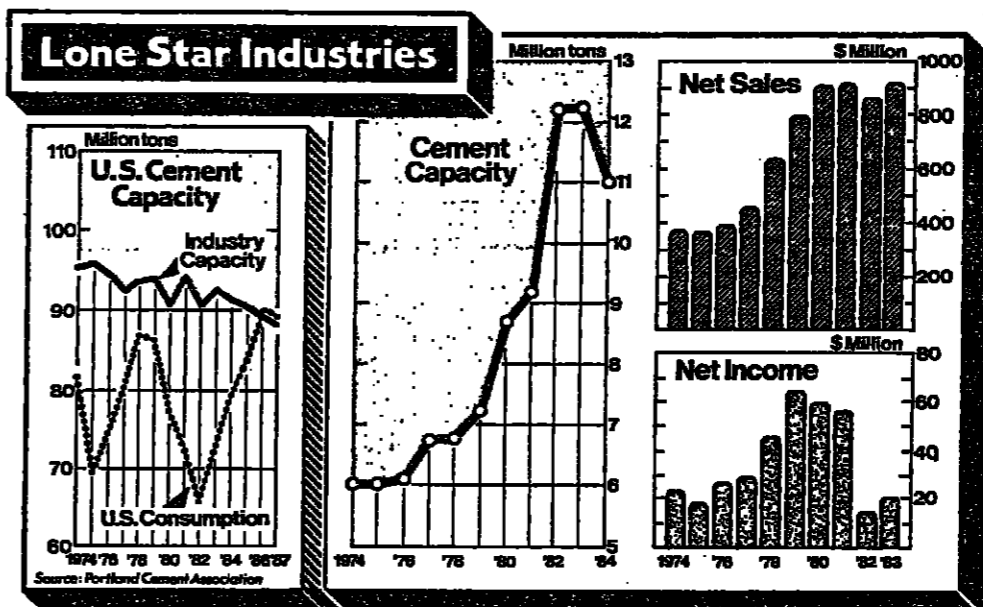
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November, 1984

مركز ابحاث

FT LAW REPORTS

Limited partner's tax loss exceeds capital contribution

REED & YOUNG, Court of Appeal (Lord Justice Waller, Lord Justice Griffiths and Lord Justice Dillon); November 1 1984.

A PARTNER whose liability for his firm's debts and obligations is limited to the amount of his capital contribution is not limited to that amount when claiming a tax loss, but is entitled to set his agreed proportion of the firm's trading losses for a particular period against his tax for that period.

The Court of Appeal so held when dismissing an appeal by Mr Robert Andrew Reed, inspector of taxes, from a decision by Mr Justice Nourse upholding the Special Commissioners' determination allowing an appeal by the taxpayer, Mrs Marjorie Young against a tax assessment for the year 1977-78.

Section 4(3) of the Limited Partnership Act 1907 provides that limited partners shall at the time of entering into the partnership contribute a sum or sums as capital and shall not be liable for the debts and obligations of the firm beyond the amount so subscribed.

LORD JUSTICE DILLON said that the partnership in the present case produced no profits. The business was commenced in November 1977. There was one general partner and 19 limited partners, of whom Mrs Young was one.

The partnership agreement provided that 5 per cent of the profits and losses should belong to or be borne by the general partner, and 95 per cent to or by the limited partners.

Each limited partner was to bear the same proportion of the 95 per cent as his capital contribution bore to the total capital of the partnership as at March 31 1978.

The partnership made very substantial losses in its first and second accounting periods. This was not particularly surprising since a firm-making business could not make a profit until it had been completed and distributed.

The liabilities which brought about the loss for the initial accounting period to March 31 1978 were substantially incurred after the partners' contributions to capital had been paid.

It was well-known that the partnership was going to make a very substantial loss in its first accounting period. It was irrelevant that Mrs Young was thus putting up her money to buy a share of a tax loss.

The trading loss for the first accounting period was agreed by the Revenue at £650,073. The trading loss for the next accounting period, to March 31 1979, was agreed at £648,124. Mrs Young's proportion of 95 per cent of the £650,073 was £617,619. She claimed she had sustained a tax loss of that sum in the tax year 1977-78.

If she was right then it was common ground that under section 168 of the Income and Corporation Taxes Act 1970, she was entitled to set it off against her other income and primarily her unearned income, for the same tax year.

The Crown submitted, however, that it was really nonsense to talk of her having lost over £41,000 since she was only a limited partner and her liability for the debts and obligations of the firm was limited by section 4(3) of the Limited Partnership Act 1907. It was submitted that the only loss to be set off in respect of 1977-78, under section 168, was £10,000.

Mr Justice Nourse rejected the Crown's argument and commented that underlying it was a fundamental confusion between a partnership's losses for a given period on the one hand, and its liabilities or debts and obligations on the other.

The loss under consideration was a trading loss for a partnership, but did not have to be cleared or ratified once and for all at the end of the period. Indeed, the liabilities, though incurred, might not all be presently due at the end of the period, for example bank advances where the bank looked for payment to the proceeds of a product not yet completed. The firm might legitimately, in appropriate circumstances, trade out of a loss position.

For that reason the Crown's submission that the initial £10,000 of capital contributed had been finally and irredeemably lost and should have been written off, was not accepted. It was necessary for the firm to show the capital contributions in its balance sheet on March 31 1978.

As between the various partners the correct course for the firm would be to debit each limited partner with his share of the loss for March 31 1978, and carry it forward against his entitlement to any future profits. That was consistent with the partnership agreement.

As between herself and her partners Mrs Young must, before she could claim on the partnership to sustain her share of £41,144 of the firm's loss. If there were profits in subsequent years, but for tax purposes she was treated as having sustained a loss of only £10,000 and was not allowed to carry forward the

balance of the £41,144, that would be an injustice to her. There was no "wait and see" provision which would enable the court to hold that the partnership's trading loss in 1977-78 was sustained by the limited partners, in so far as their shares of the loss would exceed the capital contributed by them in that year, if, as and when profits were made by the firm in future years.

In general, where a partnership (whether limited or general) incurred a trading loss, it was for tax purposes necessary to apportion that loss as between the partners. To do that it was necessary to refer to the partnership documents to determine the rights of the partners' rights inter se. Thus in the present case, it was necessary to refer to the partnership agreement to see that the general partner was to bear 5 per cent of the loss, and the limited partners 95 per cent.

The fact that the limited partners could not be sued by third parties for the debts, obligations or liabilities of the firm was a different matter; it did not lead to the conclusion that section 4(3) of the 1907 Act placed a ceiling on the share of losses to be borne by the limited partners.

The appeal should be dismissed. If the result was considered undesirable because it facilitated taxpayers in reducing their tax liabilities by buying shares in limited partnerships which were expected to make initial losses, then the remedy must lie in an amendment of the Income Tax Acts.

For the Revenue: Jonathan Parker QC and Robert Carr-Saunders (Inland Revenue Solicitor).

For Mrs Young: Peter Millett QC and Michael Flesch QC (Gosson Wilson).

By Rachel Davies Barrister

FINANCIAL TIMES operates a subscription hand delivery service in the following business centres: ANTWERP, AMSTERDAM, BRUSSELS, CHICAGO, COLOGNE, DUBLIN, GENEVA, GOTTENBURG, HAMBURG, LONDON, LYON, MADRID, MILAN, MUNICH, NEW YORK, PARIS, ROME, ST. LOUIS, TOKYO, WASHINGTON.

RENTALS every WEDNESDAY or SATURDAY To advertise phone: 01-248 5284 DIANE STEWARD

The Royal Bank of Scotland plc PREMIUM ACCOUNT Interest per Annum 10.50% (Effective Annual Rate 10.92%)

Akzo nv, Arnhem Holland The Board of Management and Supervisory Council of Akzo NV, decided to distribute for the fiscal year 1984 an interim dividend of Hfl. 1.50 per ordinary share of Hfl. 20.00.

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Company Notices ROLINCO N.V. ANNUAL GENERAL MEETING To be held on Wednesday, 28th November 1984, at the Hilton Hotel, Vienna, Austria, at 10 a.m.

RENTALS every WEDNESDAY or SATURDAY To advertise phone: 01-248 5284 DIANE STEWARD

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Marlyn Lodge The 'somewhere' for anyone who's 'something in the city'. Marlyn Lodge is a brand new complex of luxury studio apartments, perfectly located on the fringe of the city.

ALDgate STATION MARLYN LODGE TOWER HILLS STATION THE TOWER ST KATHERINES BRICK. Develop- ed to the very highest standards by Wimpey Homes, these prestigious apartments are equipped with every modern convenience.

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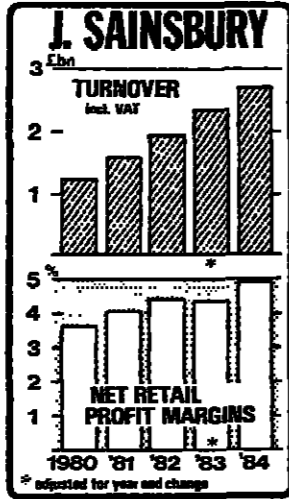
Armathwaite Hall Hotel BASSENTHWAITE, KESWICK Tel. (059 681) 551 THE LATEST DISTRICT FOUR-STAR COUNTRY HOUSE HOTEL.

Christmas Gifts Art Galleries EXCLUSIVE CHOCOLATS from Belgium, The finest quality, beautifully decorated and gift wrapped can be sent to clients.

UK COMPANY NEWS

Sainsbury rises to £75m as margins edge higher

J. Sainsbury, the supermarket operator, achieved further strong growth over the 26 weeks ended October 6, 1984 and is effectively raising its interim dividend from 1.2p to 1.4p net per 25p share.



On the back of a £256.8m rise in sales, including VAT, to £1.8bn profits for the period advanced from £62.5m to £75.1m at the pre-tax level, an increase of some 20 per cent.

Centre in Edinburgh early last month. Sir John says that sales well as from new openings.

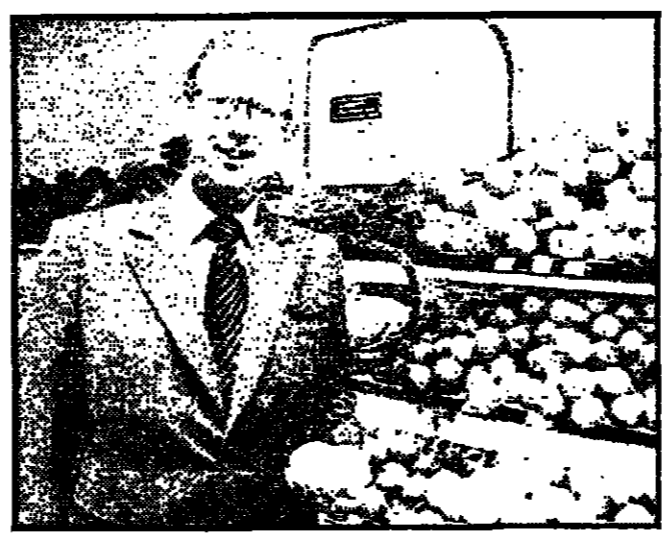
Standard Life plan aims at pensions flexibility

Standard Life Assurance, Scotland's largest life company and a leading UK pensions company, has launched a new range of individual and group plans designed to offer maximum flexibility within the current legislation and Inland Revenue practice, to individuals planning their pensions.

Standard Life offers a choice of eight funds—six unit linked and two with profit schemes with transferability between the various funds. Standard Life being both a traditional and a unit-linked life company can offer both types of investment—features that linked life companies cannot offer.

subsidiary, Homebase, continued to expand successfully. Shareholders are told that during the half year six stores were opened and that by the year-end 23 such stores will be trading.

Pre-tax profits included £3.3m (£3.2m) from the group's associates. These results took in for the first time a half-year's share of profits in Shaw's, the U.S. associate whose performance has been encouraging.



Sir John Sainsbury, chairman of the Sainsbury supermarket chain... prices remained highly competitive

BTR sets date for £40.4m bond issue

BTR, one of Britain's largest industrial holding companies, has set November 19 on the Bundesbank calendar for foreign borrowings as the date for the issue of a DM 150m (£40.4m) bond.

Wolsey-Hughes is propelled by distribution growth

"EXCEPTIONAL performance" by Wolsey-Hughes' distribution company in the year ended 31st October 1984 propelled the group to record results in the year to July 31 1984. Profit before tax rose by more than £10m to £28.9m.

This result compares with £15.31m in 1982/83, and was mostly generated in a second half surge which added £15.31m against £6.57m. By far the major share of the total was in the distribution activities, which contributed £24.42m to trading profits, up from £16.15m.

INDEX TO COMPANY HIGHLIGHTS table with columns for Company Name and Page Number.

Cosalt takes 'severe action' to neutralise caravan losses

Cosalt's activities in ships' chandery turned in higher profits for the 53 weeks to September 2 1984 and offset losses and lower returns from elsewhere in the group.

The offshore gas and oil supply industry have continued to develop. Commenting on prospects, the chairman says that the company's recovery is well underway.

There was a flurry of excitement about Cosalt in the last year when Mr Ted Brian, a former Trafalgar House director, and Mr Geoffrey Newman, a former director of Agrocchemicals, resigned for personal reasons.

BARCLAYS UNIDOLLAR TRUST advertisement including notice of distribution, coupon details, and a list of international branches.

Yelverton chief quits Gulf Trust. Mr Alexander Nicoll, Mr Simon Watson, managing director of Yelverton Investments, yesterday resigned as chief executive of the London subsidiary of Gulf Trust and Credit, which recently bought and sold a 20 per cent stake in Yelverton.

Miners' strike is blamed for Raine profit decline. IN HIS annual statement to shareholders, Mr Michael Taylor, the chairman of Raine Industries, says that the group's Newcastle-based heavy engineering subsidiary, Raine & Co., would have made record profits last year had it not been for the effects of the miners' strike.

Receiver called into Atlas Agrochemicals. A receiver has been called into Atlas Agrochemicals, an attempt to raise finance was unsuccessful and without additional funds it was unable to keep going.

Talbox resignation. Mr Stewart McArthur, appointed executive director of Talbox Group in June this year, has resigned to return to his former employer, Amway Corporation of the U.S.

Bradford Property nears £5m and raises interim. THE Bradford Property Trust raised its rental income by £413,000 to £3,088m and its pre-tax profits by £710,000 to £4,948m in the half year to October 5, 1984.

Third Mile Inv. Pre-tax profits at Third Mile Investment improved from £41,000 to £53,000 in the first six months of 1984. The interim dividend is unchanged at 0.7p net per share.

Hamro Investment. Net asset value per 25p share in Hamro Investment Trust improved from 158.5p to 182.7p at par, and from 160.4p to 185.5p at market value, at September 30 1984.

The FT 500. This week the FT publishes its annual survey of Europe's top 500 companies. It will appear on Saturday in the London edition and on Friday in the international edition.

Company News in Brief. Trading in the first four months of the current year has been ahead of the company's budgets, and has given increasing confidence for the future, Mr Michael Sobott, the chairman, told the annual meeting.

Board Meetings. The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official notices are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Dividends Announced. Bradford Property... int. 3.25 Jan 4 2.8 0.8 6.8. Hambros Inv... 0.5 Jan 24 0.25 0.75 0.58.

Staffordshire Potteries (Holdings) plc. Chairman's Remarks. Demand at home and overseas continues to be buoyant although the marketplace remains very competitive.

Staffordshire Potteries (Holdings) plc advertisement featuring the Kiln Craft logo and Chairman's Remarks.

Advertisement for Pele Holdings p.l.c. featuring the Pele logo and details of a 10% Cumulative Convertible Redeemable Preference Shares issue.

Advertisement for Pele Holdings p.l.c. detailing the issue of 2,700,000 10% Cumulative Convertible Redeemable Preference Shares.

Advertisement for Staffordshire Potteries (Holdings) plc, including Chairman's Remarks and contact information.

Advertisement for Pele Holdings p.l.c. detailing the issue of 2,700,000 10% Cumulative Convertible Redeemable Preference Shares.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized by sector and alphabetically. Columns include stock name, price, and change.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized by sector (A through Z) and listing individual stocks with their respective prices and changes.

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by sector (A through Z) and listing individual stocks with their respective prices and changes.

Notes and footnotes regarding the data, including definitions of terms like 'dividend' and 'split'.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, and Japan. Columns include country, stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market closing prices

Table of over-the-counter Nasdaq national market closing prices for various stocks, including company names, prices, and changes.

LONDON Chief price changes (in pence unless otherwise indicated). Lists price changes for various companies like BSEI, BSI, and others.

CANADA

Table of Canadian stock market closing prices for Toronto, listing various stocks and their prices.

MONTREAL

Table of Montreal stock market closing prices, listing various stocks and their prices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices, organized by sector (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Base rate cuts and latest money supply figures make little impression

Account Dealing Dates

*First Declared Last Account Dealings Dates... Oct 29 Nov 8 Nov 19 Nov 22 Nov 23 Dec 9 Nov 26 Dec 6 Dec 17

The mid-afternoon announcement of better than expected money supply figures and subsequent confirmation of the awaited reductions in base lending rates failed to re-vitalize London stock markets to any marked degree yesterday.

Government securities, which had fluctuated either side of overnight closing levels, finally displayed a firm bias, but leading issues appeared jittered after their recent strong run.

The re-election usage on Wall Street coupled with sterling exchange rate considerations encouraged a firm rally, but investors would not be drawn.

Turnover in industrial shares was similarly low. The market appeared to be disinterested in cheaper borrowing costs and was searching for a fresh investment incentive.

Barclays Bank were the first to announce a cut of 0.25 percentage point to 10 per cent in its base rate and the three other main lenders followed later.

FT-Actuaries Share Indices. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index, Day's Change, % Change, etc.

Table with columns: FIXED INTEREST, Price, Yield, etc.

Table with columns: BRITISH GOVERNMENT, Yield, etc.

Table with columns: FT-500 SHARE INDEX, Price, Change, etc.

announce a reduction in borrowing costs to 10 per cent, finished 18 higher at 543p. Lloyds put on 7 to 532p as did Midland to 357p, while NatWest improved 6 to 577p.

A Financial Times report that Allianz Versicherung, despite its recent acquisition of a controlling interest in Italy's second biggest insurance group, Rinnone Adriatica di Sicurtà, is still interested in gaining a presence in the UK Insurance industry.

Sound equipment concern Clark-Franklin continued the steady stream of successful new comers to the Unlisted Securities Market; the shares, placed at 85p, opened at 100p, but slipped back to 85p before ending at 90p.

Further demand in a re-negotiated market lifted Higgs and Bottled Blended whisky during September fell 83 per cent. Persistent speculative support, however, developed for Macallan-Glenlivet, 30 dearer at 250p on 6 to 640p.

Barclays Bank were the first to announce a cut of 0.25 percentage point to 10 per cent in its base rate and the three other main lenders followed later.

The latest banking statistics showed a 0.6 per cent increase in bank lending boosted the major clearers. Already around 3 or so harder, prices advanced smartly on the figures to close at 210p.

Barclays Bank were the first to announce a cut of 0.25 percentage point to 10 per cent in its base rate and the three other main lenders followed later.

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FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs, Fixed Interest, Industrial Ord, Gold Mines, etc.

Table with columns: HIGHS AND LOWS, S.E. ACTIVITY, Govt. Secs, Fixed Int., etc.

EMI took a further tumble, falling 5 higher at 1964 peak of 143p. Brick found support and closed 5 higher at 1964 peak of 143p.

Leading retailers closed above worst levels in expectations of a continuation of recent buoyant consumer spending. The provisional estimate for October will be released next Monday.

Waiseley-Hughes, which rose 46 to 551p, on bumper annual results and a proposed one-for-one share split, was an otherwise drab miscellaneous industrial sector.

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were inclined firmer initially, but many drifted back to close with small irregular movements on balance. Reed International, however, were noteworthy for a fall of 10 to 472p, after 465p.

The Intasun chairman's gloomy statement about prospects for holiday companies, coming in the wake of the collapse of Budget Holidays, exerted fresh pressure on tour operators.

Sporadic selling lowered Properties, but the falls were generally modest. Land Securities, half-price due next Tuesday, slipped 3 to 307p, while MFC's annual results scheduled for November 23, settled 4 cheaper at 230p.

Irish oils weak. Recently beleaguered Irish oils endured another uncomfortable session and continued to retreat.

Gold up again. Currency fluctuations continued to have a major impact on mining markets. The decline in the dollar encouraged fresh demand for bullion which registered its fourth successive improvement to close a net 52.75 higher at 524.75 on 524.25.

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ment bullish circular. Charter dipped to 215p but later rallied to close unaltered at 222p following a Press suggestion that the company could be in line for a bid from BP.

The latest positive showing by mining issues in Sydney overnight—Melbourne was closed for Melbourne Cup Day—led to renewed demand for Australian mines. Recently-firm leading issues tended to mark time but a number of the more speculative stocks came in for persistent support.

Options. Demand for Traded Options held up well despite a generally uninspiring session in London equities. Total contracts struck amounted to 5,115 comprising 4,206 call and 909 puts.

Active Stocks. Above average activity was noted in the following stocks yesterday.

Monday's Active Stocks. Based on bargains recorded in Stock Exchange Official List.

Rises and Falls Yesterday. British Funds, Foreign Bonds, etc.

European Options Exchange. Table with columns: Series, Vol., Last, etc.

London Traded Options. Table with columns: Option, Jan., Apr., July, etc.

Table with columns: Option, Nov., Feb., May, etc.

EQUITIES

Table with columns: Issue, Price, Change, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change, etc.

"RIGHTS" OFFERS

Table with columns: Issue, Price, Change, etc.

NEW HIGHS AND LOWS FOR 1984

Table with columns: Issue, Price, Change, etc.

RISES AND FALLS YESTERDAY

Table with columns: Issue, Price, Change, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Jan., Apr., July, etc.

Table with columns: Option, Nov., Feb., May, etc.

FT LONDON SHARE INFORMATION SERVICE

IDC design and construct cost effective developments for industry and commerce

BRITISH FUNDS table with columns for High, Low, Stock, Price, Div, Yield, and various fund names like 'Shorts' (Lives up to Five Years)

Five to Fifteen Years table listing various investment funds and their performance metrics

Over Fifteen Years table listing long-term investment funds

Undated table listing funds without specific dates

Index-Linked table listing funds linked to various indices

INT. BANK AND O'SEAS GOVT STERLING ISSUES table listing international bank and government issues

CORPORATION LOANS table listing various corporate loan offerings

COMMONWEALTH AND AFRICAN LOANS table listing loans for Commonwealth and African countries

LOANS Building Societies table listing loans from building societies

Public Board and Ind. table listing public board and industrial issues

FOREIGN BONDS & RAILS table listing foreign bonds and rail issues

AMERICANS table listing American stocks and their prices

BEERS, WINES—Cont. table listing beer and wine stocks

BUILDING INDUSTRY, TIMBER AND ROADS table listing construction and infrastructure stocks

CANADIANS table listing Canadian stocks

BANKS, HP AND LEASING table listing bank, hire purchase, and leasing stocks

BEERS, WINES AND SPIRITS table listing beer, wine, and spirit stocks

DRAPERY AND STORES—Cont. table listing drapery and retail stocks

CHEMICALS, PLASTICS table listing chemical and plastic stocks

DRAPERY AND STORES table listing drapery and retail stocks

HIRE PURCHASE, LEASING, ETC. table listing hire purchase and leasing services

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BEERS, WINES AND SPIRITS table listing beer, wine, and spirit stocks

DRAPERY & STORES—Cont. table listing drapery and retail stocks

HOTELS—Continued

INDUSTRIALS (Miscel.) table listing various industrial stocks

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American Investment Trust, British Columbia Investment Trust, and British Columbia Investment Trust, with columns for stock price, high, low, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

INSURANCES

Table of insurance stocks including companies like British American Insurance, British Columbia Insurance, and British Columbia Insurance, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

SHIPPING

Table of shipping stocks including companies like British Shipping, British Columbia Shipping, and British Columbia Shipping, with columns for stock price, high, low, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Shoes, British Columbia Shoes, and British Columbia Shoes, with columns for stock price, high, low, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Overseas, British Columbia Overseas, and British Columbia Overseas, with columns for stock price, high, low, and volume.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

PROPERTY

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, high, low, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British American Investment Trust, British Columbia Investment Trust, and British Columbia Investment Trust, with columns for stock price, high, low, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

PLANTATIONS

Table of plantation stocks including companies like British Plantations, British Columbia Plantations, and British Columbia Plantations, with columns for stock price, high, low, and volume.

INSURANCES

Table of insurance stocks including companies like British American Insurance, British Columbia Insurance, and British Columbia Insurance, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

SHIPPING

Table of shipping stocks including companies like British Shipping, British Columbia Shipping, and British Columbia Shipping, with columns for stock price, high, low, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Shoes, British Columbia Shoes, and British Columbia Shoes, with columns for stock price, high, low, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Overseas, British Columbia Overseas, and British Columbia Overseas, with columns for stock price, high, low, and volume.

International Finance DAIWA SECURITIES logo and text.

MINES—Continued

Table of mine stocks including companies like Anglo American, Anglo American, and Anglo American, with columns for stock price, high, low, and volume.

TINS

Table of tin stocks including companies like Anglo Tin Mines, Anglo Tin Mines, and Anglo Tin Mines, with columns for stock price, high, low, and volume.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo Miscellaneous, Anglo Miscellaneous, and Anglo Miscellaneous, with columns for stock price, high, low, and volume.

NOTES

Notes section containing various financial notices and company announcements.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo Regional, Anglo Regional, and Anglo Regional, with columns for stock price, high, low, and volume.

OPTIONS—3-month call rates

Table of 3-month call rates for various options including Anglo Options, Anglo Options, and Anglo Options, with columns for stock price, high, low, and volume.

RECENT ISSUES & RIGHTS

Table of recent issues and rights including companies like Anglo Recent, Anglo Recent, and Anglo Recent, with columns for stock price, high, low, and volume.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including British Group-Continued, Abbey Unit Tr. Mgrs., and various other fund listings with columns for fund name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing various unit trusts such as British Unit Trusts, Key Fund Managers, and other investment vehicles with detailed performance data.

City of Westminster Assurance, General Portfolio Life Ins. PLC, and other financial entities.

Clarendon Unit Trust Managers, Treadwell Unit Trust Managers, and other fund managers.

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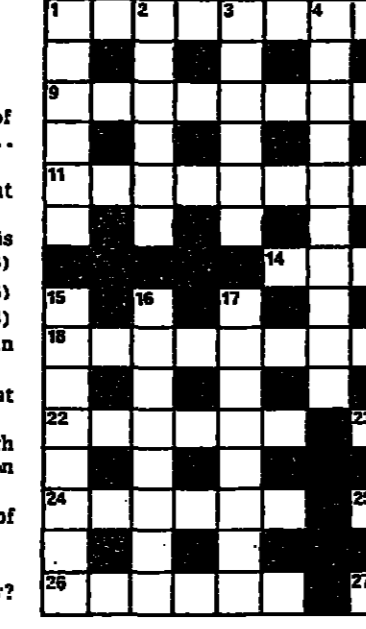
Clarendon Unit Trust Managers, Treadwell Unit Trust Managers, and other fund managers.

Clarendon Unit Trust Managers, Treadwell Unit Trust Managers, and other fund managers.

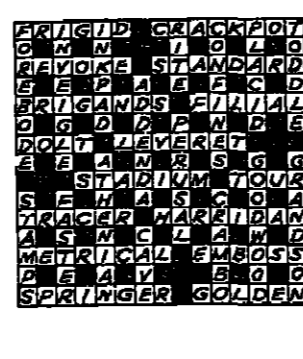
Clarendon Unit Trust Managers, Treadwell Unit Trust Managers, and other fund managers.

F.T. CROSSWORD PUZZLE No. 5,563

- ACROSS
1 He knows various strains of heather on Hebridean isle...
5 ... noted caveman in that region?
9 This component in wires is to refuse current in part
10 Capital way for a yarn
11 Port near-beer, they say
12 Striker should stay within this fold
14 Stringendo movement that sharpens?
18 Perhaps permeate North Carolina with prohibition
22 Three elements short of being related
23 Could be 4 from 12
24 Composer to conduct, say?
25 Sailor and love leaping in the bow
26 Agreement to have banquet at end of May
27 Boring sort passed over by boss
DOWN
1 c.c. Orpheus as charmer?
2 Inventor comes up with way of ending match
3 Result of a job?
4 Lacking money?
6 Share concern



Solution to Puzzle No. 5,562



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INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co. Ltd, National Provident Institution, and various international investment funds.

Table of insurance and overseas funds including Swiss & Prater Group, Target Life Assurance Co. Ltd, and various international investment funds.

Table of insurance and overseas funds including CAL Investments (UK) Ltd, Grindley Henderson Mgt. Ltd, and various international investment funds.

Table of money funds including Midland Bank Trust Corp (Jersey) Ltd, TSB True Funds (CJ), and various international investment funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Fidelity International, Adia Investment, and various international investment funds.

Money Market

Table of money market rates including Royal Bank of Canada Funds, Royal Trust Int'l Fd Mgmt Ltd, and various international investment funds.

Trust Funds

Table of trust funds including Malvern Trust, The Money Market Trust, and various international investment funds.

Money Market

Table of money market rates including Alden Home, Bank of Scotland, and various international investment funds.

Bank Accounts

Table of bank accounts including Alden Home, Bank of Scotland, and various international investment funds.

COMMODITIES AND AGRICULTURE

Copper leads fall in metals prices

BY OUR COMMODITIES STAFF

COPPER LED a general decline in base metals prices on the London Metal Exchange yesterday. After the overnight fall in New York, LME cash copper continued its retreat from recent 14-month highs...

chief economist of Metallgesellschaft AG, in Frankfurt. Presenting the company's Metal Statistics publication he said he expected increased demand to come from the capital goods sectors...

Sugar recovery 'unlikely'

TUCUMAN, ARGENTINA — World sugar prices have fallen to their lowest level in real terms since the Second World War and a medium-term recovery is highly unlikely, said Sr Enrique Estro...

In his opening speech Sr Estro in his report on world-wide and high sugar stocks world-wide had contributed to depressed prices...

Milk quotas reduce price of English farmland

THE PRICE of agricultural land in England has fallen as more farmers sell up because of cuts imposed on milk production by the EEC.

Latest Agriculture Ministry figures show the average price of vacant possession land in the three months to September fell to £4,457 per acre...

Futures industry contractions take their toll

BY NANCY DUNNE, RECENTLY IN CHICAGO

THE FIRM with which I have been associated for more than nine years, Commodity Futures, was purchased by REFCO. Subsequent events have led to the termination of the majority of the employees...

Meanwhile, the U.S. industry is undergoing at least one major shift. In the halcyon years of the 1970s, when futures were expanding rapidly...

In 1978 commission rates were deregulated and the discount broker appeared on the scene to undercut the old-established firms. The increased use of computer futures programmes has lessened the reliance of many outside speculators on "expert" broker advice...

Production cuts boost pig prices. REDUCED AVAILABILITY caused a price rise for pigs last month compared with the corresponding period last year, according to a report issued by the Meat and Live-stock Commission...

Record world cereal crop forecast cut to 1.7bn tonnes

ROME — The United Nations Food and Agriculture Organisation forecasts a record world cereal crop of 1.7 billion tonnes for this year...

account for most of the increase rising to 735m tonnes from 689m tonnes. Rice paddy output is estimated to rise to 455m tonnes from 450m tonnes...

The EEC is likely to become for the first time a net exporter of cereals. The volume of world trade in cereals is expected to rise by 7m tonnes to 209m tonnes in 1984-85...

The report estimates that July-September pork production was 8 per cent down from the same period last year, but up 11.5 per cent compared with a year earlier...

PRICE CHANGES

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists metals, oil, and other commodities.

BRITISH COMMODITY PRICES

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists base metals, nickel, coffee, soyabean meal, sugar, grains, wheat, pigmeat, potatoes, meat/fish, wool futures, cotton.

AMERICAN MARKETS

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists various commodities.

CHICAGO

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists Chicago market prices.

LONDON OIL

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists oil and gas prices.

GAS OIL FUTURES

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists gas oil futures.

GOLD MARKETS

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists gold prices.

LONDON FUTURES

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists London futures.

INDICES

Table with columns for Index, Nov 6, +/-, Month ago. Lists various indices.

FINANCIAL TIMES

Table with columns for Index, Nov 6, +/-, Month ago. Lists financial indices.

EUROPEAN MARKETS

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists European market prices.

ALUMINIUM

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists aluminium prices.

COTTON

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists cotton prices.

WOL FUTURES

Table with columns for Commodity, Unit, Nov 6, +/-, Month ago. Lists wool futures.

Large advertisement for a company, possibly a construction or industrial firm, with contact information and a logo.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound retreats from early highs

Sterling was steady overall in currency markets yesterday despite a half point reduction in UK clearing bank base rates to 10 per cent.

market were closed which also restricted the day's volume. There appeared to be little incentive or advantage in trying to gauge the outcome of the latest FOMC meeting although there appeared to be a prevailing inclination towards expectations of a relaxation in monetary policy.

122.8 against 125.3 six months ago. The dollar was fixed at DM 2.9455 at yesterday's fixing in Frankfurt up from DM 2.9355 on Monday and there was no intervention by the Bundesbank at the fixing or probably in open trading.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change from central rate, % change adjusted for divergence, Divergence limit. Includes Belgium, Denmark, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland, UK, France, Austria, and Switzerland.

DOLLAR SPOT-FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, % Three months, % Six months. Includes UK, Canada, Netherlands, Belgium, Denmark, Germany, France, Italy, Spain, Norway, Sweden, Switzerland, Austria, and Switzerland.

FINANCIAL FUTURES

Gilts disappoint

Gilt futures weakened on the London International Financial Futures Exchange yesterday after a very firm start. The December contract opened at 110.01, near the day's peak of 110.02, encouraged by falling money market interest rates and hopes of good UK money supply figures.

of anything more than a 1 per cent cut in base rates, three-month sterling deposits remained quite firm. December delivery opened at 90.24, and after touching 90.27, closed at 90.25, against 90.12 previously.

STERLING EXCHANGE RATE INDEX (Bank of England)

Table with columns: Time, Rate, Previous. Includes 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

LONDON

Table with columns: Contract, Close, High, Low, Prev. Includes 3-Month Eurodollar, 3-Month Sterling, 20-Year 12% Notional Gilt, and 3-Month Eurodollar (IMM).

OTHER CURRENCIES

Table with columns: Nov. 6, \$, £, Note Rates. Includes Argentina, Australia, Brazil, Canada, Hong Kong, India, Japan, New Zealand, Singapore, South Africa, and U.S. Dollar.

CURRENCY MOVEMENTS

Table with columns: Nov. 6, Bank of England, Morgan Guaranty, Currency Changes. Includes Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Hong Kong dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, and Deutsche mark.

CURRENCY RATES

Table with columns: Nov. 6, Bank of England, Morgan Guaranty, Currency Rates. Includes Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Hong Kong dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, and Deutsche mark.

EXCHANGE CROSS RATES

Table with columns: Nov. 6, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Nov. 6, Starting, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-Mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krone.

MONEY MARKETS

Base rates cut to 10%

Short term interest rates continued to fall in the London money market yesterday, and as expected London clearing banks cut their base lending rates by 1/2 per cent to 10 per cent.

bought in bond 1 at 10 per cent. In the afternoon the Bank of England gave further help of £385m, including £38m bills purchased outright, by way of £5m local authority bills in band 1 at 10 per cent and £11m bank bills in band 1 at 10 per cent, plus £52m bank bills in band 2 (15-33 days) at 9 1/2 per cent, and £21m bank bills in band 3 (34-63 days) at 9 1/2 per cent.

On December 7 at rates of 9 1/2-9 3/4 per cent. Late assistance of £160m was also provided. Bills maturing in official hands and repayment of late assistance and a take-up of Treasury bills from last Friday's tender drained £222m, with the unwinding of repurchase agreements absorbing £288m, and Exchange transactions another £135m. These outweighed a fall in the note circulation adding £50m to liquidity and bank balances below target by £15m.

MONEY RATES

Table with columns: Nov. 6, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin. Includes Overnight, One month, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: Nov. 6, Starting, Interbank, Local Authority deposits, Company deposits, Market deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. November 6, 3 months U.S. dollars, bid 9 5/8, offer 9 5/4, 6 months U.S. dollars, bid 9 15/16, offer 9 15/16.

Discount Houses Deposit and Bill Rates

Table with columns: Nov. 6, Starting, Interbank, Local Authority deposits, Company deposits, Market deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

MONEY RATES

Table with columns: Nov. 6, Starting, Interbank, Local Authority deposits, Company deposits, Market deposits, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy).

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Advertisement for CM&M Primary Dealers in U.S. Treasury & Federal Agency Securities and Money Market Instruments. Includes logo and contact information for Carroll McEntee & McGinley.

Advertisement for 'Of all prestige business gifts, one outlasts and outperforms all others.' featuring a bottle of brandy and a 1985 Financial Times Diary. Includes promotional text and contact information.

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Table with multiple columns: Stock, Sales (Mtd), High, Low, Last, Chng. Includes sections for Continued from Page 32, P-O, P-Q, R-S, and T-U.

Issue boom continues with \$700m of bonds

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market continues to be flooded with issues, although many recent deals are not making money for lead managers.

D-MARK NEW ISSUE CALENDAR table with columns: Date, Borrower, Amount (\$m), Lead.

The secondary market was firmer but new deals all traded close to or even above their total fees.

through a seven-year bond, with a 12% per cent coupon and 9% issue price.

The U.S. Government agency, Federal National Mortgage Association (Fannie Mae), through a Euro-

vested. The structure came in for some criticism, however, and dealers pointed out that the yield curve

while the U.S. Treasury evaluated the success of its own sale, but a trader said that lead managers have so many deals going at once that they cannot support their issues as they should.

Chemical Bank launched a \$300m floating rate note, lead managed by Salomon Brothers and Chemical Bank International, with a novel pricing.

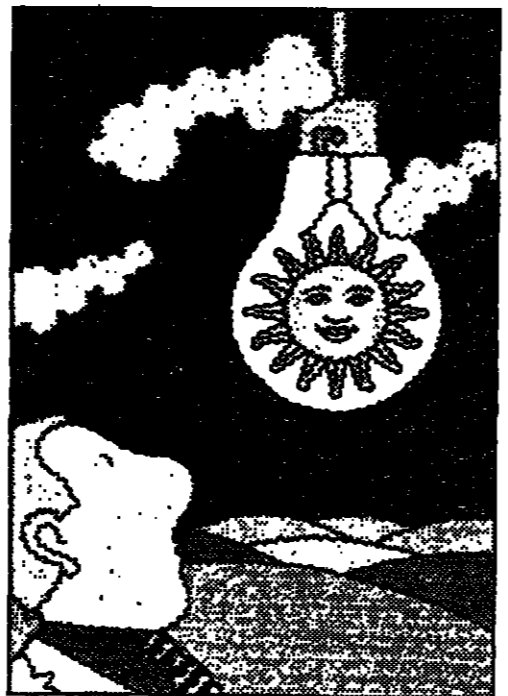
FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 6.

Large table listing international bond issues with columns: Issue, Issued, Bid, Offer, Change, Yield, etc.

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For more information about one of Britain's most successful life offices, contact: Alan Bell, Sun Life Assurance Society plc, 107 Cheapside, London EC2V 6DU.

A major force in British Life

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